

A more efficient supply chain

Lamps Plus integrates with vendors to manage growth and cut costs.

Between its wholesale and retail operations, Lamps Plus Inc., a multichannel retailer of specialty lamps and lighting products, partners with more than 1,000 vendors and maintains over 100,000 SKUs on its e-commerce site and in 45 superstores.

With so many vendors to keep track of, this retailer struggled with order fulfillment and invoicing. "Initially, Lamps Plus was using a patchwork of systems to track orders for each vendor. This was incredibly inefficient, cumbersome and time-consuming," says Clark Linstone, Lamps Plus' chief financial officer.

Finding one solution to fit a variety of vendors

"Lamps Plus deals with a wide range of vendors—from very large suppliers down to very small entrepreneurial companies that may not have much technological capability," says Linstone. "We needed a way to track orders and communicate with all of our vendors through one integrated EDI system, regardless of their technical capabilities."

That's why the retailer turned to SPS Commerce Inc., which provides a variety of on-demand supply chain services for small and mid-sized businesses. SPS' outsourced EDI service, SPSCommerce.net, immediately improved the efficiency of Lamps Plus' supply chain process. Rather than receive messages from vendors in a wide range of formats, every element of a vendor's communications—such as advance ship notices (ASN), invoices and other documents—is sent to Lamps Plus via EDI. SPS worked with Lamps Plus' vendors to test their existing EDI systems or select the outsourced EDI service that best suited their needs, ranging from a fax or web-based forms to integrating EDI with their existing ERP or accounting software. The result was a single source of supply chain information, provided by SPS Commerce.net, which took all of the various EDI inputs from its vendors, and delivered them to Lamps Plus in a consistent and timely manner.

This new efficiency streamlined Lamps Plus' order fulfillment that relies on a two-pronged order acknowledgement process with its vendors. When Lamps Plus places an order, it requires the vendor to send an EDI 997 functional acknowledgement indicating that the order was received. Lamps Plus later receives an EDI 855 order acknowledgement from the vendor that includes more detailed information, such as the estimated ship date, quantity and price. The second acknowledgement helps Lamps Plus to identify and resolve any discrepancies, such as a difference between the price on the acknowledgement and Lamps Plus' negotiated rate, before the order and subsequent invoice are sent. According to Mr. Linstone, "this new process allows us to resolve issues on the front end and avoid increasing our accounts payable staff."

As a result of using SPS to connect with its suppliers via EDI and gain more detailed information prior to shipment, Lamps Plus improved the accuracy of its orders and streamlined its fulfillment process.

Adding drop ship and other fulfillment models

SPS Commerce's supply chain services helped Lamps Plus to achieve their initial goal of connecting with their vendors via EDI. Linstone and his team continued to work with SPS Commerce to address additional supply chain needs and new delivery models as Lamps Plus' business grew.

The retailer added a catalog in 2005 to synchronize product data with its vendors. Launching the catalog required Lamps Plus to gather a substantial amount of item information, both basic, such as the product's SKU, and detailed, like images and product details. Lamps Plus initially contacted each of its suppliers, and asked each vendor to input its product information via EDI to enable Lamps Plus to efficiently upload its product information directly into its catalog in a timely manner. SPS' team validated each vendor's files to detect any potential problems, such as if Lamps Plus had a different SKU than a vendor. Today the catalog is easily updated using a single EDI transaction from its vendors. The result is an up-to-date catalog that all of Lamps Plus' retail outlets can access to provide consumers with a wider product selection including engaging images and accurate product details.

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In recent years, the retailer turned to drop shipping to add even more products to its site and increase sales without adding inventory. The process requires a greater level of collaboration with its vendors as Lamps Plus relies on them to fulfill these orders directly to the consumer on Lamps Plus' behalf.

Drop shipping was made possible by further leveraging SPSCommerce.net to communicate inventory updates, as well as item specifications and images. Inventory information is vital to maintaining its e-commerce site and is made available to Lamps Plus' stores and customer service representatives to answer common consumer questions such as which items are in stock, and if they are not, when the stock will be available.

"Our customers demand a rapid fulfillment of their items," commented Linstone. "With up-to-date inventory information from our vendors, we can provide them accurate and timely shipping timeframes."

Monitoring vendor performance

With all of Lamps Plus' vendor information flowing through SPSCommerce.net, the retailer can leverage this information to monitor each vendor's performance in a wide range of areas, such as when items are shipped and whether they are acknowledging its purchase orders in a timely manner.

That insight into vendor performance has helped make Lamps Plus' supply chain run more smoothly. For instance, Lamps Plus can see if a vendor isn't acknowledging a purchase order within the retailer's required 24 to 48 hours. "If we see an issue, like the lack of an acknowledgement of our order, we can call the vendor and immediately address the situation," Mr. Linstone says. "Often it's just something in their systems or processes that can quickly be resolved. SPS Commerce provides us with detailed information to understand which vendors are regularly complying with our requirements, as well as identify those that are not consistently responding in a timely manner."

"It is hard to quantify the potential savings SPS Commerce produces because Lamps Plus couldn't produce such a system without building its own EDI," Mr. Linstone continues. "That would be very costly and time-consuming. This is a much easier way to go."

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