

SOP & Updated Internal Workflow

SOP stand for standard operating procedure.

We are making this video to tell you what our internal workflow looks like. Does yours necessarily have to mirror ours? No. Our workflow includes integration to make sure that EVERYONE in our company has their hands on the necessary information to move forward quickly without waiting for information. I plan to be as detailed as possible, but also want to emphasize that we are still looking to make improvements to these processes, and simplify & combine where necessary to reduce steps. We believe that the majority of this will have to be handled through customized software, which we will explore at some point in the near future.

I also wanted to point out that I am including all processes (integrated and independent) such that you can understand the scale of our processes and how each relates to the other. While this video may not be entirely useful to you, it should hopefully help you understand places where you can define processes, as well as add things that may be missing from your own business.

Sourcing & Contact

Let the animation play

Our initial sourcing is done in several steps - however, we heavily rely on our virtual assistants for the majority of the legwork.

Our employee here in our warehouse Matt and myself source for our company via the Leaf Sourcing method. While Leaf Sourcing we simply add ASINs (what we believe to be good leads) to a shared pre-contact spreadsheet.

We have a full-time sourcing VA that does competitor tracking by going through all of our existing products, current leads or niches we specify, searching for sellers with a similar product range as us. She then sources through their inventory. She also sources using our TWF List software.

Another VA curates the Pre-Contact Spreadsheet by searching duplicate entries and removes any that may exist. She then finds the company contact information for all of the ASINs on the pre-contact spreadsheet. This VA will also source via Competitor tracking and with our TWF lists in her free time.

A new VA then goes through and sends initial contact emails to the companies on our pre-contact spreadsheet via templates. She has access to our contact email, and tracks responses (and color codes as necessary). This VA also has independent duties as well - which will be described later.

Our employee Matt, who acts who acts as our director of vendor relationships and communication, will personally handle all replies that come from our initial contact emails. He schedules phone calls at his discretion and conducts the phone calls. Companies that do not reply to our initial contact email are

emailed the same template after 2 weeks have passed. After another two weeks passes, Matt will schedule phone calls with those companies at his discretion.

We have a fourth VA who goes through all of our active wholesale accounts and product Lists to catalog their products. We are looking to match ASIN to products, as well as find new products from companies that we are already doing business with. Cataloging is easily one of our most profitable activities as it will alert us to product opportunities we may not have been aware of otherwise.

The methods that we use to Catalog are UPC search / Product Name Search / Company Search. This will tell us EVERY product, multi-pack or bundle that our product is utilized in and allows us to add skus to our orders effortlessly. When used with new prospective companies, this gives us bargaining power to raise our orders for products that others might have missed.

Company Order Procedure

We have two order procedures, both of which integrate with one another. One order procedure is simply used with new companies to integrate into our existing order procedure.

New Company Order Procedure:

- Set up with their company (per their requirements and standards).
 - Send pricing information over to our VA team for cataloging.
 - Use Price Checker 2.0 on cataloged lists to check for profitability.
 - Check products for Hazmat or other restrictions.
 - FDA review if applicable.
 - Work on possible discounts for products and try to establish any price breaks/Free Freight thresholds.
 - If they don't offer free shipping, get shipping projection and compare to internal shipping rates.
 - Create an internal Company Profile Sheet.
 - Add company to Company Review Sheet.
 - Add items/company information to Restock Pro.
 - Create Items via Inventory Lab.
- > any additional steps will be found in Re-Stock Procedure...

Re-stock Procedure:

- Review Restock Pro suggestions / make changes if necessary.
- Attempt to Add Inventory of possible SKUs to check for Hazmat review if item is Out of Stock.
- Review Company Profile Sheet to check for relevant re-order information (eg. discount thresholds/shipping methods).
- Review Catalog Sheet and filter through Price Checker 2.0 to look for new SKUs that may now be viable.
- If the order is larger than previous order, inquire about new ordering thresholds for discount (if the

discount has not already been given/described).

- Review Product/Listing for anything that could be used to receive additional discounts.
- Place order per company standard and requirements.
- Update purchase on Purchase/Receiving Sheet - Color Code Green.
- Update profile on Company Profile Sheet if any new discounts were added.
- Update Company Review Sheet.
- Create Internal Purchase Order for Receiving/Processing teams (breakdown product to individual listings).
- Forward invoice to VA team/Eric for filing

Explanation of sheets

I wanted to detail the purpose for the various sheets. We realize that the different sheets can be confusing, however, we wanted to keep the information accessible by different parties. Ideally, we will eventually work this out in a single system software package.

The Company Profile Sheet is to keep track of various discounts, order procedures, rep name/information, as well as anything we have agreed to do specifically for the company or products. This simply serves as a reminder for our purchase team to make contact with the vendor.

Company Purchase/Receiving Sheet - This information goes to our purchase team, as well as our processing team and both myself and Eric. Our roles with this sheet vary quite a bit. Our purchase team uses this to simply log purchases and assign "priority levels". Our processing team simply reads the color codes. Green means that the product has ordered, but not received. When the product arrives the receiving team marks the product as "red" if there is an error that would prevent the product from being processed (and gives our purchasing team a detailed account of problem), however, most often the product is received with no issues and the order is marked as gray (which means received and prioritized). Likewise, this sheet gives Eric and early access point to match charges on our CC, wire or check and update to an actual internal PO within Quickbooks.

Company Review Sheet - The company review sheet simply tells us when a product has last had a full catalog review, has last been ordered, and reasons if the product has not been ordered. The people who have access to this sheet are our purchasing team, our VA Catalog Reviewer and myself for oversight.

The vast majority of these processes are built-in and routine. However, we wanted to build a SOP to make sure that as we grow that someone can simply be plugged into the role. We have a weekly sales meeting with the purchase team and review aspects of the SOP to see if any changes should/can be made.

Receiving Procedure

The receiving procedure is fairly streamlined, and we believe is one of the reasons that we are able to process more units with less manpower. The confusion here is pretty limited, and our team is able to operate efficiently with very little direct oversight.

- Unload Freight // UPS // FedEx & Inspect for visible damage - carton count vs. Invoice (if there is an error, notify purchasing team prior to releasing truck driver)
- Unload into unloading zone
- Daily Review Unload Zone (Check-in Product on Purchase/Receiving Sheet) .
- Relocate to appointed priority zone (write on outer box/pallet wrap) shipping designation (UPS or Freight) - per Purchasing/Receiving Sheet...

This process is the smoothest and most simplistic in our company. We have changed and pared down to these designations to maximize efficiency. This allows for the fewest amount of touches and allows for bulk prioritization.

We have three levels of internal priority...

Priority A - This is designated for NEW products, sold out products, or imminently sold out products.

Priority B - This is for products where our lead time should still leave the appropriate window to land stock prior to running out.

Priority C - this is product that we purchased deeper on, and/or plan on doing something to increase sales (we rarely if ever purchase a designation C item).

In terms of processing path - we have multiple people who work our UPS and daily outgoing shipments, as well as multiple processors working our freight shipments. This allows them to pull from the priority level to line up with the correct outgoing shipping path.

Processing Roles

Our processing procedure is still fairly complex due to the amount of different items that we process, and multiple shipping designations that happen internally. However, our processing path and team have worked really diligently to simplify our current processes, as well as add checks into place that will continue to reduce the risk of incorrect outbound shipping issues.

It is important to note that we did create mirrored work stations - so that all employees have identical tools and stations. Our goal is to create uniform processing habits to make sure that all of our products are done to a high minimum standard.

We have multiple captains, and have eschewed adopting the conventional "managerial role". We have (each captain has to have a direct trained back-up):

* Workflow Captain - This person -pulls the Purchase Orders, prints necessary labels and designates daily work to the entire team. In addition, this is the person who does our manual Google Form product detail

entry, and adds the product to the shipment. Each assignment has the required prep detailed on a page that is given with the labels.

It is important to note that internally, we have adopted a standard rule of ONE sku being worked at a single time. Our employees are not permitted to have multiple SKUs on their elevated workspaces at one time. This can be extremely tedious, as some items have LOTS of units and may be a multiple day assignment, but we have found that it greatly reduces the risk and likelihood of mislabeled products.

All freight shipments are closed by end of day Friday.

All parcel shipments are closed daily at 3:30pm and are prepared for daily UPS pickup.

*Quality Assurance Captain - This person makes sure that all standards are being met in terms of outbound product quality, as well as internal stations are stocked and maintained. They are in charge of enforcing that all product lines are clean and organized, as well as pallet lanes are clear and free of debris. The QA Captain also spot checks shipping logs and box details to make sure that they are being maintained in accordance with our standards for processing.

Quality Assurance Captain must perform a weekly check on all processing supply levels and place orders as necessary (add necessary items to cart on either Uline, Bubblefast or similarly applicable site). All orders are submitted to purchasing department as Purchase Orders for review.

In terms of our outbound shipping designations we have two types of shipments (LTL & UPS). Our LTL shipments are completed on standard pallets, while the UPS shipments are designated to be ONLY on blue pallets. This helps to reduce the risk of boxes being mishandled or added to incorrect shipments.

All outbound boxes must be detailed in a uniform fashion - upper right corner weight with box around it. Then Qty and last four digits or letters of ASIN contained in the box.

All shipping logs are kept to track speed, as well as to serve as a double check vs. the accuracy of the listing. Products are to be checked vs. the Purchase Order to verify that they are the intended products to be processed. We are utilizing weekly averages to build performance standards for weekly processing averages.

Product may not be "hand carried" to any location, and must use modular transport for safety. Less than pallet orders must be placed onto hand carts for transport, while pallet shipments must be transported on their originating pallet to the Pre-Process Zone.

UPS shipments may only be a single layer in height until shipping labels have been applied for ease of access for box detail information.

Processing zones

In our warehouse products have six permitted zones:

- 1) Unload Zone - This is the zone where product is unloaded, before priority has been assigned to the products. This zone must be cleared daily.
- 2) Priority Zone - This is our priority system where our workflow truly begins for outbound processing. All product is pulled from Priority zone, with designated shipping paths and assigned to employees accordingly. Product may ONLY be pulled for processing from this zone.
- 3) Overflow Zone - This is designated Long Term Hold or Unprocessed Returns. This zone is only utilized by the express consent of upper management. We have weekly checks to see if product can be moved from this zone to Priority OR Processed Returns.
- 4) Pre-Process Zone - This is stationed in front of the work station. Pre-Process Zone product must have labels, prep sheet and visible shipping designation assigned to it.
- 5) Processing Zone - This is ON table and considered to be the active working zone. We only allow that one product be in the "Processing Zone" at one time.
- 6) Outbound Zone - Any processed product MUST be on the assigned color coded pallets. Boxes may not be stacked behind the workstation, on active work station, or in any other related area of the work station after they have been processed and sealed.

Processing Procedure

Now to give you the detailed processing workflow:

- Products are pulled from Priority A in descending order, to Priority C and are given to employees processing from an assigned shipping path.
- When products are pulled from Priority Zone - internal PO pulled, and products are added to current and open outbound shipping plan (unless otherwise specified by week close). If this is NOT going to be added onto a CURRENT shipping plan - then it must be noted on the processing sheet.
- Products are checked vs. the purchase order and verified vs. the Amazon detail page to verify that the listing and products are correct.
- Products are entered onto the Product Detail sheet and all information is recorded there.
- Products are entered onto a shipping plan with relevant stickers being printed.
- All processing sheets and stickers are then taken to the Pre-Process zone and are placed in a visible position within the product grouping.
- Processors must check the processing sheet, and FNSKU vs. the Purchase Order to verify that the

product is the correct product prior to starting processing session.

- Processing log should log the exact start and stop times for the assigned product.
- Processing logs must log product under the current active freight shipment and denote the pallet #, that the product can be found on (for freight designated employees).
- Boxes must be marked correctly, and placed into Shipping Path designation.
- Pallet logs must have box weights to log pallet weight.
- Completed pallets or full first level UPS shipments must be transported to proper outbound shipping zone.
- End of week freight has to have pallet log information with applicable box counts weights and heights turned over to Workflow Captain.
- Pallet wrapping alternates between freight employees and is done when the BOL is available, or on Tuesday at 5pm (whichever comes first).

This workflow, while tedious provides several QA checks to make sure that products are being matched, prepped and shipped correctly. Also, the information from the logs helps us to analyze and create minimum standards for processing.

Purchasing Team Follow-Up Procedure

The purchasing team has an end of day assignment set to make sure that our products are going in at the highest prices possible to maximize our profitability and profit margins. Our goal is to make sure that we don't arbitrarily cause a race to the bottom by coming in on a product at the lowest price.

- Review AppEagle and set up Lowest Match profile with "lowest price" being the approximate breakeven number (unless MAP restrictions prevent that). All MAP prices are to be noted in AppEagle to prevent changes from being made via our VA team. Search No Min price for any new items that might have been added.
- Review FBA Inventory "Sort by Inbound" reprice all products to be \$2 higher than the current Buy Box price, unless there is a major gap in pricing for any Out of Stock products. Review In Stock inbound prices to see if there are multiple people at that price, or if we are holding someone to their floor. If the latter, increase our price to next lowest price - which should allow time for their repricer to recover and increase.

Customer Service & Account Protection Procedure

This is entirely outsourced to one VA currently. Our goal is to make sure that our account remains in full compliance and that all customer service issues are handled in a timely fashion.

- At the start of week, add all new SKUs into Salesbacker to create email follow up sequence.
- Review any Policy Warnings or Notifications - inform myself and Purchasing team immediately.
- Answer all customer emails (target is < 3hrs answer time). Any complaints that the customer did not receive the correct product OR product did not match listing - review company invoice/manufacture website/Amazon page/Shipment log to verify that the correct product was sent to Amazon. If there is an issue notify me and the Purchasing Team immediately.

- Answer customer emails primarily through templates provided - if any complaints or issues are likely at our cause or issue - default to refund template.
- Review feedback at beginning and end of shift. Use the "Feedback Removal Flowchart" for appropriate response.
- Create any new commonly answered questions template and submit to Marketing Team for Review.
- Review all refunds for reimbursements, note any items that have inordinately high refund rate and notify Purchase Team.
- Perform daily check for Stranded Inventory or listings that are not currently available for sale despite being in stock - file case as necessary using templates (create new templates for review by Marketing Team for any new common cases).
- Perform daily check in Shipping Queue for shipping with errors. Review internal Purchase Orders and Product Detail Sheet to file case accordingly.
- Review ASIN change emails - verify changes to product listing to make sure our product is still in compliance
- Perform Weekly Check & Review for Warehouse Damaged, Distributor Damaged & Carrier Damaged Inventory for Reimbursements.
- Perform Monthly Check & Review for Lost/Damaged/Destroyed Reimbursements.
- Perform Monthly Check & Review for Other Customer Concessions for Reimbursements.
- Perform Monthly Check & Review for Verifying Customer Exchanges

In addition to these tasks, this particular VA handles ALL of our Initial Contact and Secondary Contact for suppliers. Our goal is to be highly customer conscious, protect our account as well as take advantage of any reimbursement opportunities.

Marketing Team Procedure

Our marketing team functions internally as "advanced supplier relations", as well as takes advantage of profitable opportunities with advertising or promotions.

- Weekly vendor follow-up. This is simply to verify that we are fulfilling any outstanding vendor agreements. Track and document progress from marketing initiatives (S&S, Sponsored Ads, Product Review Campaigns).
- Weekly sales meeting to listen and review any and all relevant information that can be converted into a positive marketing opportunity.
- Weekly Sponsored Ads Review. Review current campaigns, as well as apply information from sales meeting into new possible profitable campaigns.
- Monthly Email Statistics Review. Find out what is working for our company in our initial contact sector and follow email sequence to maximize non-phone conversation conversion.
- Monthly Denial Review. Work directly with sales teams to discover common vendor objections, as well as existing vendor problem areas.
- Monthly Anchor Site, Value Proposition, Retail Site review. Look for areas to update copy, include testimonials, update new value propositions using vendor objections and existing vendor issues as guiding light for changes.

Closing Thoughts

Your business may not have these same processes in place, and quite possibly may not need them to function in your current capacity. However, we strongly encourage you to review and document your processes. The knowledge you gain from creating a Standardized Workflow and Standard Operating Procedures are invaluable in learning to increase your efficiency and profits.

Our goal in the past six months has been to create and standardize processes across our company to increase efficiency, learn about areas of waste, build metrics, learn about possible software solutions that could encompass and incorporate a workflow for our company. This has been a very revealing experience on our end, and will likely tell you quite a bit about your own business that you weren't aware of.