

# THE WHOLES LE FORMULA

## Module 5 – Placing Wholesale Orders

Welcome back! In this video, we are going to cover the steps involved in placing an initial order after you've been approved by the brand owner. In addition, we're also going to go over re-ordering products so that you are best accounting for lead times to properly forecast inventory levels. Let's begin.

So, after you've been approved by the brand owner to start selling their products, and after you've then catalogued their products, you're ready to begin the process of placing your initial order. The next thing you need to do is add the items to your inventory in Amazon via seller central to check to see if the brand is gated. We cover this more in-depth in the Brand Gating & Authorization video, but for now, just know that Amazon might require you to prove that you are acquiring your products from the brand owner before you are allowed to sell them. To check to see if you need authorization, login to seller central and click the "add product" button from the inventory drop down menu. That will take you to this page. Then, you'll need to enter the ASIN of the first product into this box where it says "List a new product" and hit search. If you then see "Request Approval", you'll know that you need authorization and can click that button to learn what actions you need to perform to become ungated.

Another important thing you might need to check for is hazmat. Ideally, you've already done this as it's part of the 21-point check. But, if you haven't, do it now! You don't want to place an order for an item that you won't be able to sell because Amazon has classified it as dangerous. Again, the TWF Scouting & Sourcing System Workbook has step-by-step instructions on how to do this.

Now that you've checked for Amazon approval and hazmat, the only other thing to do before placing your order is deciding how you're going to handle prep. If you have yet to decide whether or not you'll be outsourcing the prep such as to a prep company, now is when you would make that decision. If you choose a prep company, you will need to select one and set up an account. It's also very important that you are open and clear in your communications with them. They'll need to know all the details about the shipment including when to expect it, where it's coming from, the shipping company that's delivering it, and what's in the shipment including quantity and size.

We have a list of prep companies for you to review below this video for your convenience. We personally prefer to receive and prep the products in-house at least for the initial order so we can familiarize ourselves with the product, understand the prep involved, and evaluate the quality of the product. We recommend that you do this too.

After you've made your decision regarding prep, it's time to place your initial order. You should know

that not all companies are alike when it comes to ordering. Some require you to order via email, others have a website for you to use, and some may require you to call in your orders. They can also differ in the forms of accepted payment. We have paid via credit card, check, and even wire transfer. I wanted to make sure you aware of these differences so you are prepared moving forward. Whatever their instructions, just make sure you clearly follow them and if you have any questions, don't be afraid to ask them. They're always happy to help.

As far as placing the order is concerned, we highly recommend that you employ the negotiation strategies presented earlier in this module such as mock orders and projections. Never be afraid to ask about discounts. After you've inquired about discounts, it's time to place your initial order. It is our recommendation that you order a 1-month supply according to the jungle scout estimation. For example, if Jungle Scout estimates 400 monthly total sells and you would be the 4th competitive offer on the listing, you should order 100 units. If you have to order a few more units to reach a certain discount tier, you should do that. This makes sense, right?

It's very important that you pay attention to the total lead time and sell through rate of your initial order. This will help you schedule your future reorders. You will want to know exactly how long it took to receive the product, prep it, and get to Amazon and in your inventory from the time you placed the order. This generally takes about 2 weeks total for us on average. Keep in mind this is a rough estimate and yours may be very different. And you also need to track how quickly those units are selling. Are they selling at a rate that's faster than the Jungle Scout estimate? Slower? How much faster or slower? Knowing the answer to these questions helps you make accurate reorders.

Now, let's talk about placing your reorders. For your first reorder, we recommend that you place it 4 weeks after your initial order. This will provide you with a few weeks' worth of sales data. It's possible that you briefly run out of inventory, but this will ensure that you get to see if the actual sales are comparable to your estimates. If see that your actual sales are higher than the estimates, you should reorder sooner.

As far as inventory levels go, we generally like to keep up to 6 weeks and a minimum of 2 weeks' worth of product in inventory at all times after the initial order. We never want to run out of inventory, doing so means we miss out on sales. With lead times generally taking an average of 2 weeks, we typically place our reorders when there is 4 weeks' worth of inventory left. Therefore, 2 weeks after we place that order, we should have 6 weeks' worth of inventory total when that order arrives at Amazon. This makes things easy as we are placing orders for 4 weeks' worth of inventory every 4 weeks. Obviously, this doesn't apply to all products you'll carry because sales fluctuate and seasonality also affects forecasting.

So, you need to keep an eye on your inventory levels to properly reorder and forecast future orders. Here is how that looks chronologically when you include the initial order. You can see that we have our initial order. Then, we wait 4 weeks to gather sales data. After that, we place a reorder based on those first few weeks. Two weeks after that, we place a reorder for 4 weeks' worth of

inventory. Then, we simply place an order every 4 week for 4 weeks' worth of inventory.

Your goal should be to always have at least 2 weeks' worth of inventory with any of your products. Know your lead times and know your inventory levels. Change your order sizes as necessary.

To recap, before placing your orders you should catalog the products to further evaluate them. Then, be sure to check for brand restrictions and, if necessary, hazmat. If Amazon approval is required, just follow their instructions on the approval process. If the product is classified as hazmat, we don't sell it. After that, decide on how you'll handle prep. If you choose a prep center, be sure to communicate everything clearly to avoid any confusion. When ordering your product, make sure you're clear on the company's payment and ordering procedures, and don't be afraid to ask questions. Then, before placing your initial order, ask about discounts if no discount information was provided. When placing your initial order, we recommend you place an order for 4 weeks' worth of inventory. Once you have the ball rolling, it's important to keep a minimum of 2 weeks' worth of inventory, so it's important that you are paying close attention to those lead times to properly keep sufficient inventory levels.

I know that's a lot of information I've just thrown at you, but it's all pretty simple stuff. Once you understand it and have put it into practice, you'll be a pro in no time. Plus, this is all the fun stuff anyway. When you get to this point, you've already done the hard work by acquiring the account. Hopefully after watching this video, you know understand how to properly get started in placing your first order and your reorders. Also, don't forget to check out the resources below. That wraps it up for this video. I want to thank you for watching, and until next time, good luck sourcing.

WHOLESALE  
FORMULA