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IS OMNI-CHANNEL A WASTE OF YOUR TIME?

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# CONTENTS

What Does It Take to it Work?

Full Cost of Omni-channel

Omni-channel Is the Future,  
But It's Not Here Yet

## WHAT DOES IT TAKE TO MAKE OMNI-CHANNEL WORK?

While implementing omni-channel approaches to sales may seem as simple as tossing a mobile version of your site on the web, or adding a few checkout buttons, the actual inner workings are extremely detailed. Imagine omni-channel as a table: there are three general components to bringing it successfully to life, and if even one of those “legs” is wobbly, the entire endeavor comes crashing down.



### 1. TECHNOLOGY

Despite the great leaps that business as a whole has made in cloud-based tools, it’s not quite at the point where the same computer that runs a traditional website can necessarily handle additional channels of sale. New channels means new rules, and that can mean everything from higher-quality images of stock products to “interface friendly” video and zoom capabilities of those same products, not to mention inventory lists, real time tracking and a host of other constraints.

As David Turbide points out in Tech Target, [there’s an emerging trend towards embracing the “MOM”](#)— manufacturing operations management— method that puts the impetus on warehousing professionals to assess, adjust and optimize quickly. Previously, best practice was to focus on MES or MRP, or to delegate staff to cover both, but with tech assistance warehousing is now expected to take responsibility and formulate planning on a considerably more complex level.

While this consolidation is ultimately both beneficial and necessary, it poses a real headache in terms of setup in the short term, even threatening a slowdown or shutdown of normal operations to do so.

### 2. PEOPLE

It’s a simple equation, but if you haven’t done enough homework on your real cost, adding (or training) the staff necessary to handle omni-channel implementation to your workflow can send profit margins sailing off base. Not only will new staff need to be trained in both the existing sales methods and new ones, you’ll need both support and managerial staff to assist them.

In addition to the people inside of your company, the people outside of it— your clients or customers— also need to be taken into consideration. If you’ve been operating under a mono- or even a multi-channel approach, will your customers reliably embrace an omni-channel upgrade? The idea that a more complicated consumer-facing interface or slower turnaround time on orders could drive away loyal, existing customers isn’t far-fetched. Consider the ‘graveyard’ of businesses that outrew themselves too quickly in the dot com boom of the early 1990s: each fallen name stands as an excellent case study in slow progression leading to success.

### 3. CAPACITY

There’s no shame in admitting that your current ability to scale only goes so far. If you branch out to a new channel and experience four times your current sales volume in the first month, imagine the stress that translates to for your supply chain. How long will it take you to find a new, in-budget supply chain partner if an existing vendor can’t keep up? How many orders does the staffing, space, and equipment in your factory or warehouse reasonably allow you to handle in a given day? Note, as Capgemini VP Shanton Wilcox points out, that [capacity also encompasses information destined for the consumer](#)— real-time stock numbers, tracking notices, order adjustments and so on.



If each channel has its own systems for responding to and meeting these needs, it’s another hard-won training objective that your current— or new— support staff will need to learn and provide for.

As Supply Chain Management Review notes, business leaders [“are feeling the pressure to deliver anything, anytime, from anywhere.”](#) That doesn’t mean, however, that rushing headlong into the competitive omni-channel fray is the best move in the short term for your own company.



## THE FULL COST OF OMNI-CHANNEL

Much like interstate governments combined under a federal umbrella, omni-channel feels like it would run fairly smoothly, but a closer look reveals that, more often than not, necessary systems are being held together by duct tape and a prayer. There are a number of hidden costs tucked into making a large, hybrid fulfillment system operate as a single, cohesive unit, and denial of those looming obstacles will leave you in a precarious position between growth and failure. Audacious progression may work in interviews and investor meetings, but it's not a good tack for building guidelines in your supply and fulfillment chain.

## YOUR VENDORS

Not only do your vendors need to be able to handle scalable capacity to meet the needs of what will, hopefully, be profitable additional sales channels, they need to carry informational capacity as well. Having strategic data on supply chain behaviors has never been more important, and these bullet points may end up being the point of difference between you and a competitor on a given channel.

Data like this requires gathering and upkeep, however, and that takes time— whether it's your employees or a vendor's, you will end up paying that cost somewhere in your invoices. Before jumping into omni-channel, it's important to take a hard look at how well you're currently hitting data targets— and we're talking about more than just data collection targets. How are you using the data you've been collecting?

GT Nexus cautions that companies currently relying [chiefly on ERP for their immediate supply chain visibility](#) are falling short on established goals for their extended supply chains.

## YOUR SYSTEMS

The encroaching problem of overhauling legacy ERP systems and the morphing abilities of cloud functionality [manifest as a solution and a moving target all at once](#), says industry expert Gartner. Your systems will need to expand in an omni-channel upgrade, and if you have limitations built in, it will be a strain if not an altogether impossible task. A step back from this makes replacing your systems an obvious choice, but if you lack the capital, workforce and downtime stretch to accommodate, you'll be facing a real dilemma for a move that isn't absolutely vital just yet.



## OMNI-CHANNEL IS THE FUTURE, BUT IT'S NOT HERE YET

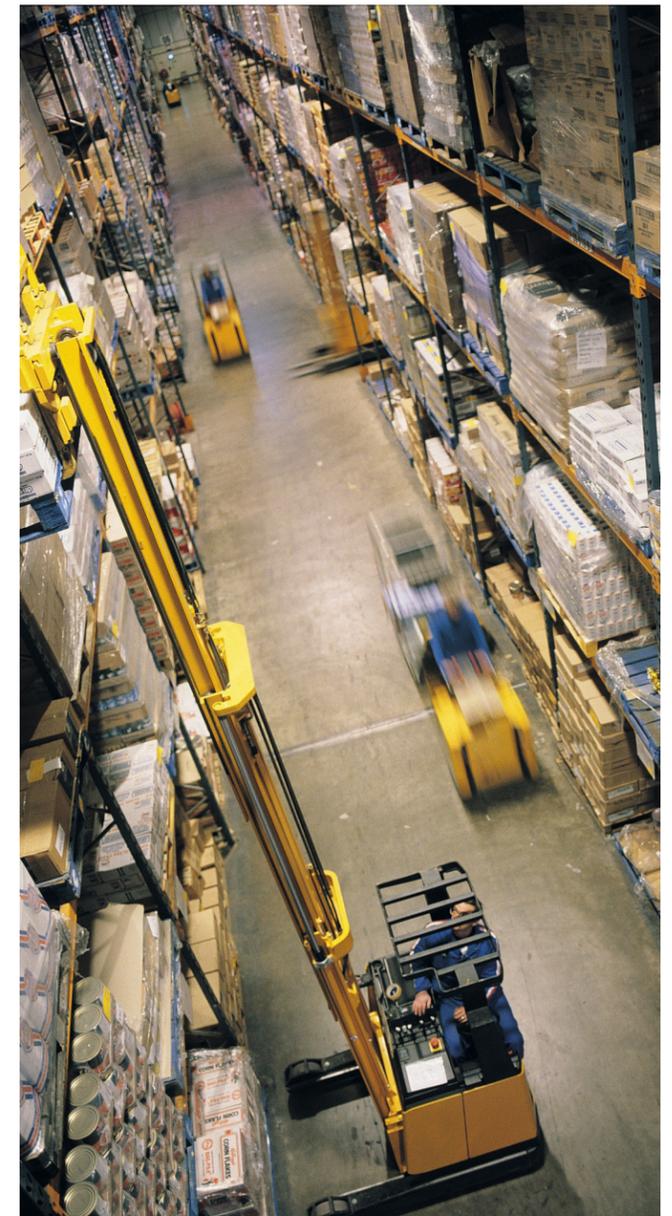
There's no question that the progression toward omni-channel is inexorable. But it's still a movement still in its adolescence: a little gawky, a little unstable and still defining itself in terms of the larger picture of company-consumer connection. While it is certainly the target to be aiming for, implementation can be tricky—and costly.

A hard look at your current capabilities may reveal your company isn't ready for it right this moment.

As this dawning approach to business innovation and reach is taking root, shoring up your resources and systems and gathering data is the most prudent first move. As competitors grab and stumble through first-generation approaches and tools, your own company can quietly assess its standings and be ready for the same tools when they emerge from ostensible beta testing and enter "primetime," ready to work.

You will spare yourself the frustrations and efficiency-robbing struggles of trying to shove new staff and capabilities into areas that may not be prepared for them yet, and you'll be able to learn from your competitors' mistakes, even as you enjoy the steady business from your established multi-channel set-up.

And perhaps most importantly, you'll be building a solid foundation, where the variations and fluxes of a still-growing methodology won't unseat your position because you've invested too much, too quickly.





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