

ZOHO Inventory

A Complete Guide to Order Management

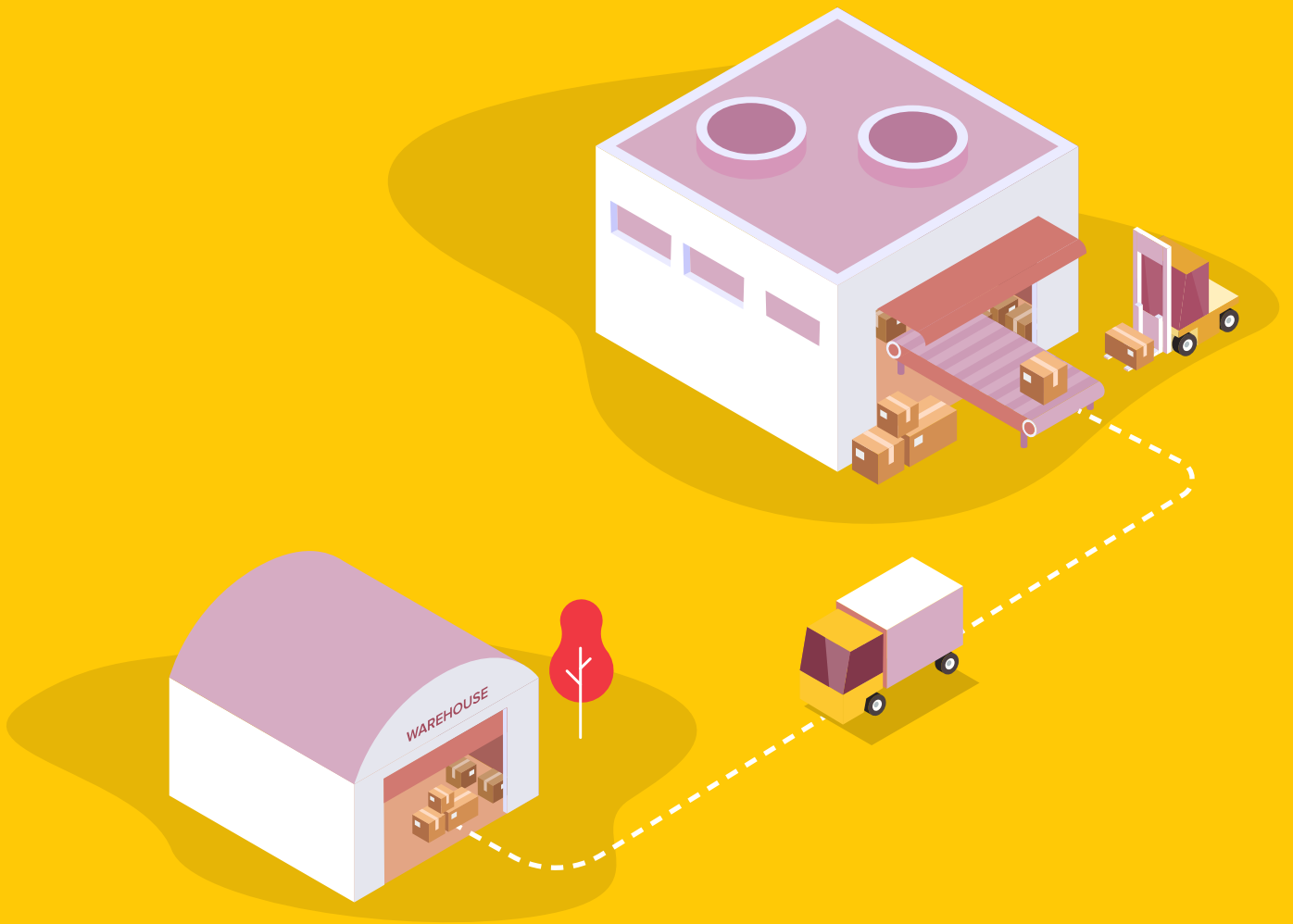


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What is order management?

Every time you place an order with a store, there is a process that runs in the background until you finally receive your purchase. This process is called [order management](#), which is basically keeping track of customers' orders and handling all the steps involved with fulfilling them. The process generally consists of accepting the order; picking, packing, and shipping the items mentioned in the order; and finally tracking these items until they get delivered.

How does order management work?

Most order management processes can be broken down into three stages: receiving a customer's order, fulfilling the order, and then handling the after-sales processes. Let's see how each stage works in detail:

Stage 1 – Receiving the customer's order

The first stage of any order management process begins when a customer places an order with your business. Receiving includes accepting the order from the customer and collecting payment for it. After this is done, the details of the purchase are forwarded to your warehouse so your staff can start working on getting the products ready for shipment.

Stage 2 – Fulfilling the customer's order

In the second stage, you actually fulfill your customer's order. This stage can be split into three different steps:

Step 1 – Picking

Fulfilling an order starts with the picking process, in which the items are retrieved from the warehouse. Warehouses are usually lined with shelves that are each stocked with different types of products, so warehouse workers need to be able to pick the right items for an order quickly and accurately. Once the items have been picked, they are sent to a packing station to be packed.

Step 2 – Packing

The packing station has more responsibilities than just packing items and sending them off for shipping. They are also in charge of using the right packaging materials for each product so that it reaches the customer intact and in good condition, all while also using their resources efficiently. For example, extremely fragile items like glassware need to be packed with bubble wrap or air pillows while still being in a reasonably-sized box to avoid wasting packing material.

Step 3 – Shipping

After you've picked and packed the correct order, the next step is to ship it.

The warehouse employees working at the shipping station typically take care of three tasks:

Attaching the applicable shipping label and invoice to the order

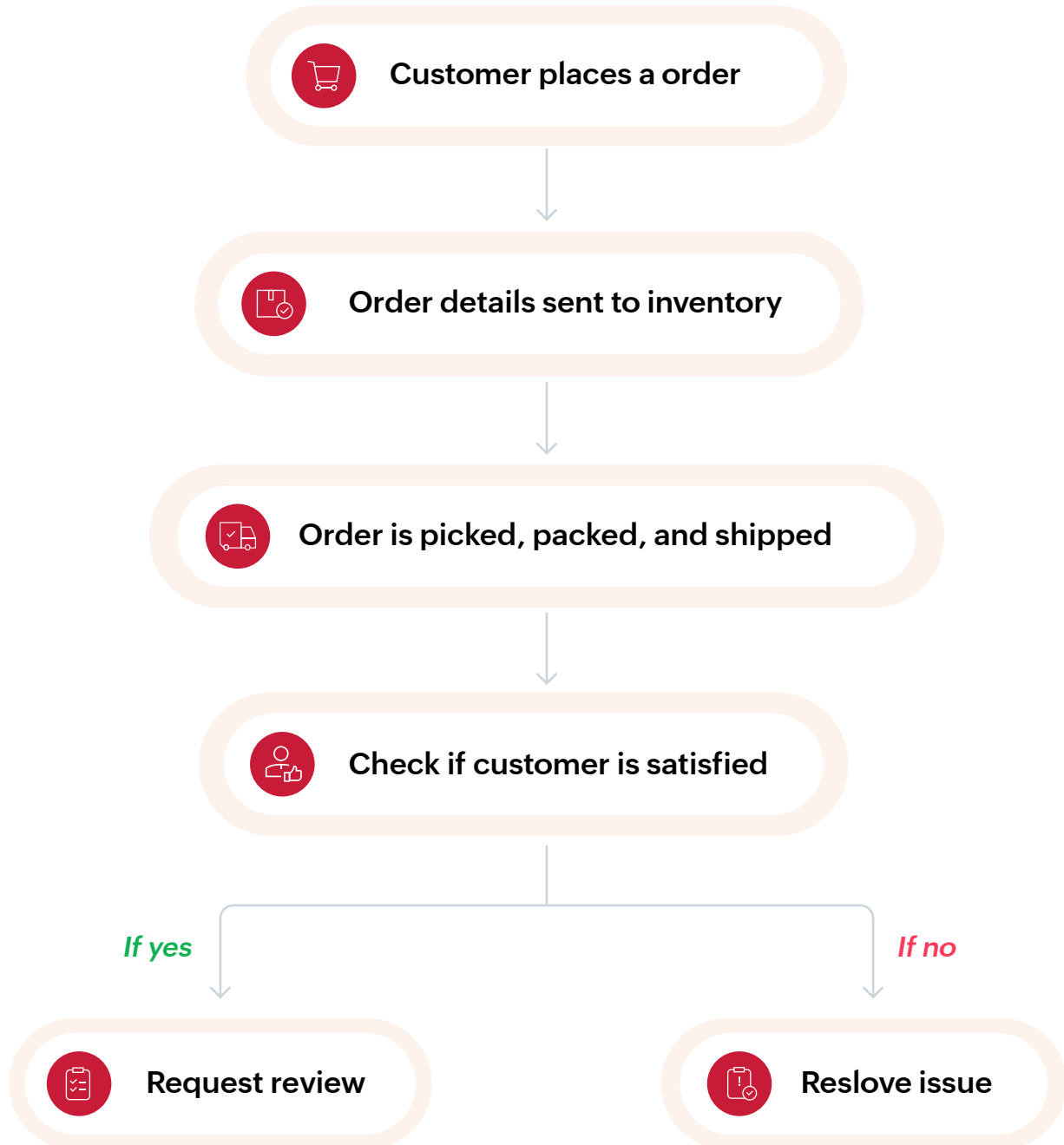
Marking the order as shipped in all of your sales channels

Sending out shipping confirmation and order tracking emails to the customer

Stage 3 – Handling the post-sales processes

The last stage is handling the after-sales processes. This is where businesses follow up with customers to receive feedback and make sure that they are satisfied with their purchase, as well as manage any returns and refunds if they are not.

Typical order process



How does order management help businesses?

An organized and well-planned process for managing orders can do wonders for a business's cashflow and inventory.

Every order management process is itself made up of multiple individual processes that need to coordinate with each other from start to finish. This can help give you an idea of whether the different parts of your business are working together or not, so you can keep your business running like clockwork and deliver orders quickly, accurately, and efficiently.

Another benefit is that you can learn to predict the level of demand you will receive. Predicting your demand will help you avoid overstocking and understocking because you will know just how much of each product you'll need to supply to your customers. This keeps you ready to sell your customers the products they want, when they want them.

Since forecasting your demand gives you an outline of your business's requirements and expenses, you can also use this information to chalk out a budget to follow. Over time, sticking to this budget will help your business's cashflow as well, so predicting your demand is good for your inventory, customer retention, and profitability.

What are order management systems and how are they beneficial?

Before [ecommerce](#) and the [subscription market](#) became as popular as they are today, shopping almost always meant purchasing from an actual store. With this model, most businesses found that they could get by with just a spreadsheet to track their orders. But now, to stand out in a crowded market, businesses are constantly experimenting with tactics like selling through different sales channels, shipping outside their area, and opening additional stores. These tactics are helping businesses stay competitive, but they're also undeniably making it more difficult to manage orders in-house.

Today's market pushes business owners to be work-ready at all times and in all places. To help with this, some like to use an order management system, which is a tool that records and accumulates all the sales and purchase order details of a business into a single platform. It also helps [manage the fulfilment processes for these orders](#), allowing business owners to save time and keep better track of their orders, bills, and invoices.

With an order management system, you can send automated, real-time updates across all your channels and warehouses to minimize your chances of error and save you valuable time.

What features do order management systems typically offer?

Centralized order management

Integrated ERP solutions can take care of supply chain planning, accounting, customer relationship management (CRM), and human resources (HR)—of which some solutions also include warehouse management abilities. Not all integrated ERP solutions offer warehouse management solutions, so make sure to look into that before purchasing. Integrated ERP solutions are recommended for enterprise-level businesses looking to improve ROI.

Inventory management

As a business starts to grow, it becomes more difficult to keep track of the stock levels for every single product. Not only should an order management system keep track of your [inventory](#), it should also be able to save you from conflicting or unfulfillable orders. This includes placing [backorders](#) for products that are out of stock (or preventing orders from being placed if they can't be fulfilled), reserving goods that have been added to a cart but not purchased yet, and automatically updating stock levels after each purchase.

Fulfillment

A fulfillment center, like [Amazon FBA's fulfillment centers](#), are third-party logistics (3PL) warehouses that take care of the basic [order management processes](#) for every incoming order, including receiving, processing, and fulfillment. If your business has several fulfillment centers, it's a good idea for your order management system to come with a fulfillment integration so that you know which center to use for each order, based on location and stock on hand.

Shipping

Once an order has been shipped, it may seem like the seller's job is done, but this isn't the case until the order actually reaches the customer. To avoid lost or undelivered orders, it's always best if both the seller and the customer can track the status of a delivery themselves. Your order management system should allow you to integrate as many shipping services as you need so that you can pick one that is convenient for you and your customers. And to accommodate "cash on delivery" sales, your integrations should help you track and process any payments collected by the shipping services themselves.

Customer notifications

Since your business depends on your customers, it makes sense to make their experience buying from you as comfortable as possible. You want your customers to feel like they can trust your business so that they come back again. To help with this, your order management system should be able to send emails to your customers and give them consistent status updates so they know when their order is received, processed, and shipped. It's also useful if the system can send out personalized emails on its own to your customers every now and then to show your gratitude.

Adaptability

Every business functions in its own way, following steps in a certain order and completing tasks at specific times. Your order management system should be flexible enough to adapt and comply with your processes so that it really supports your business.

How do you find the best order management system for your business?

1. What functions do you want the order management system to be able to perform?

When considering an order management system, start by looking at your existing process and the tasks that make up each step. Go over your entire [order management process](#) and see how things work so you can make a list of what business functions you are currently performing. Then decide which tasks need to be changed or could be made simpler with an order management system. It's important to prioritize what features your business really needs over what features would be nice so that you can find a system that focuses on the majority of your business's requirements.

2. Is the order management system scalable?

When you first start using an order management system, you might configure it in a certain way to help you meet your demands at that time. But as your business grows, your order management requirements will also start to grow—you may start to use more integrations, have more users, add more stores or warehouses, or even require more features from the system. This is why it's important that you choose a system that is scalable enough to adapt to your business's growth. Consider how big your business is currently and the rate at which it's growing when you look for an order management system, and find one that can manage your business's current size as well as scale with its growth.

3. Is it user-friendly?

As is the case with every system, you want your order management system to be easy to use. A tricky and complicated system could be frustrating, cost you time and money, and even require you to hire someone just to manage it. Instead, look for a system that is straightforward and simple so your employees will have no trouble learning and using it on a daily basis.

4. Is it simple to set up or do you need IT assistance?

Some order management systems are easy to set up and others can be relatively difficult. The complexity of a system typically depends on the number of features you request. If you feel like you may require some help setting up your system, then check with your service provider to see if they offer a demo or tutorial on how it works. For instance, systems meant for large enterprises can require some amount of coding and customization to fit the business's specific needs, so the service provider often helps with the set-up process. This will come in handy if you ever feel stuck while setting up your system.

5. Can you integrate this order management system with the other systems you use?

An order management system isn't always the first system that a business adopts. Most businesses are already using accounting or warehouse management software, online sales channels or ecommerce platforms, or other systems that aren't necessarily connected with one another. But since an order management process brings almost all of a business's major departments together, it's vital that it is compatible with the others and can exchange data with all of them. Look for an order management system that

comes pre-built with integrations to other applications or at least the option to integrate if you choose to.

How much are you willing to spend?

Logically, the cost of an order management system depends on what type of pricing plan you pick, and this in turn depends on the features you request, the system's speed, and the size of your business. There are order management systems available with prices ranging from almost nothing to thousands of dollars a month. Set yourself a budget that you can afford, taking into account the current size of your business as well as the rate at which it's growing. This will help you determine what order management systems are within your price range.

Do you want to be able to access your system from your mobile device?

Most people these days like to stay connected to their business when they're away from it because they might have processes that need constant monitoring. For this purpose, it's helpful if your order management system is mobile-friendly. Compared to the other features we've discussed, this might not seem critical for your business to function. However, we think that your order management system should allow you to check in on your business throughout your day, no matter where you are, so a mobile-friendly order management system would be helpful.

Does the software provider offer any support?

Since your order management system is supposed to help reduce the amount of

manual work you're putting in, it defeats the purpose if you still end up having a lot of work to do. That is why it's important that you consider the amount of support your system offers. Most service providers include some support, but the number of hours or tickets you can use depends on the package you choose. Try comparing support plans to help you find an order management system that offers the most support.

How can Zoho Inventory help you with your order management?

Zoho Inventory can help simplify and organize the entire order management process by centralizing all the activity onto one platform. Whether it's managing your incoming orders, collecting payments, or streamlining your packing and shipping processes, Zoho Inventory can prevent your order management from becoming an overwhelming hassle. Here's how Zoho Inventory can help you at every stage of the order management journey:

Managing sales orders and payments

Collecting and processing information for multiple orders without a computerized system in place is time-consuming. Zoho Inventory can lighten the load for you here. With centralized data collection, you're given two options to save your sales orders in the system:

- You can create new sales orders, add in the data, and then save it right away in the system.
- You can integrate your ecommerce platform or online marketplace with the system and automatically import all your online orders automatically. Zoho Inventory offers a wide range of ecommerce integrations, including ones for [Amazon](#), [Etsy](#), and [Shopify](#), to help you do just that.

Once you've added all of your sales orders, you'll be able to access them in a single page within the system and send them to your customers to check whether the information is correct; sales orders act like an informal way for

you to make sure you got their order right. On confirmation, you can then proceed to send them an invoice.

Accurate picking

While picking products for a few orders at a time, you can know for sure that you're picking enough of the right products for each order. But simultaneously picking for multiple orders can become confusing and lead to errors.

To prevent such errors from happening, Zoho Inventory offers the option to put together detailed picklists, which are documents containing information about the items that need to be picked for each order. With these picklists, warehouse picking staff have sufficient information to make sure that they're collecting the right quantity of the right products for the right orders from the right location.

Faster packing

When packing, it's important that you use enough material to ensure that your packages can be delivered without breakage or damage—but also without overdoing it and wasting resources and money.

Zoho Inventory's AI-powered [Package Geometry](#) feature offers the perfect solution for this. Package geometry is a special feature that helps you identify the most optimal packing arrangement for your products. The system first takes the dimensions of each product in order, as well as the dimensions of your available boxes and containers. Using this data, it then computes 3D

simulations of the best ways you can arrange the products in each box, with minimal space wastage, allowing you to choose the best arrangement.

Real-time shipment tracking

If the packages aren't delivered by the estimated date of delivery, or they are misplaced, rectifying these problems is going to require accurately locating the package.

That's why [Zoho Inventory is integrated with Aftership](#) to offer real-time shipment tracking. With this integration, you'll be able to view all of your shipment details on a single screen, update your customers with expected delivery dates, and send them real-time shipment notifications through email or SMS. Also, Aftership supports over 400 courier services all over the world, so if you're already partnering with a shipping carrier, you can continue their services with Zoho Inventory.

Returns and refunds

Statistically, businesses that make a lot of sales, like popular ecommerce sites, are expected to also receive a lot of return requests. But around the [holidays](#) or other times when there are sudden spikes in sales, many more businesses, ecommerce or otherwise, receive returns. Handling all of these can become a nightmare if you're unprepared.

Luckily, Zoho Inventory supports return material authorization (RMA), also known as sales returns, product returns, and return of goods. Let's consider a basic scenario to understand how it works:

- Your business first accepts a customer's order and their payment, successfully fulfilling it. Unfortunately, a few days later the customer realizes that they need to return the order, so they place a return request with you.
- Once you receive the request, you need to first make sure that the items in question are eligible for return.
- If they are, then you can proceed to open a sales return within Zoho Inventory, which makes a note in the system that you are about to receive a return.
- Once this is done, you'll have to collect the returned items, bring them back to your warehouse, and then update the system that you've received the items. This will automatically update your inventory levels as well.
- Now all that's left to do is issue the customer a refund for the products they've returned, which you can do by sending them a credit note and accounting for it within the system.



About Zoho Inventory

Order management is an integral part of your warehouse processes as it forms the crux of how your customers receive their orders. But as your business starts to receive more orders, handling all these processes manually can become a little overwhelming. This is when most businesses switch to using an [order management system](#), like Zoho Inventory, which manages all your fulfillment processes, simplifies your shipping and tracking, and even lets you set up shop across multiple channels. With Zoho Inventory, you'll be able to set aside more time to grow your orders, rather than just managing them. Try our [free trial](#) and find out how it can help streamline your order management processes.



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