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HIDDEN FULFILLMENT COSTS THAT SILENTLY DESTROY YOUR MARGIN (& How To Avoid Them)

Fulfillment quotes often include rates, volumes, and service lines—but they rarely show you the full cost picture. Fees related to visibility gaps, scope assumptions, manual labor, or change management often surface months into the relationship, not in the initial proposal.


This guide is built for teams who've done this before—who know how fulfillment works, but want sharper tools to compare providers and protect their margin.

Use these questions when you're gathering quotes or validating proposals. They're designed to help you uncover what's left out, what needs clarification, and what could quietly erode your margin over time.

NUMBER 1:

PRICING & FEES

Not all fulfillment costs are visible in the quote. Services like relabeling, administrative tasks, or project work are often scoped separately—or billed after go-live. These can be the difference between quoted and actual per-order cost.




QUESTIONS TO ASK:

- Can your fulfillment partner scale capacity up or down without disruption?
- Are you locked into fixed processes, or is your warehouse setup flexible?
- Is space allocated dynamically to handle peak seasons, new SKUs, and promotions?
- Does your partner manage labor fluctuations effectively to prevent slowdowns?

NUMBER 2:

INVENTORY VISIBILITY & ACCURACY

Gaps in inventory data—not just errors—often drive margin loss through oversells, expedited shipments, or missed allocations. Confidence in data is key to making daily decisions without added labor or risk.




QUESTIONS TO ASK:

- What visibility do I have into on-hand inventory and receipt activity across SKUs and channels?
- How frequently is inventory reconciled, and how are adjustments communicated?
- What controls are in place to catch discrepancies before they affect fulfillment?
- How are inventory metrics and reconciliation results shared?

NUMBER 3:

SCOPE & CONTRACT TERMS

Quotes are modeled on expected volume, service mix, and complexity. As actual operations diverge from forecasts, pricing may be reviewed. These conversations are smoother when scope definitions and thresholds are clear from the start.




QUESTIONS TO ASK:

- What operational assumptions is this quote based on (volume, SKUs, channels)?
- How long is the ramp-up period before pricing tiers or volume commitments are enforced?
- What constitutes a scope change, and how is pricing reviewed if one occurs?
- Are contract terms, renewal windows, and notice periods clearly outlined?

NUMBER 4:

DATA ACCESS & REPORTING

Reliable access to operational and financial data is essential for day-to-day control. Delayed or incomplete reporting limits your ability to respond in time—and can lead to added cost over time.




QUESTIONS TO ASK:

- Do I have real-time access to order status, inventory levels, and performance metrics?
- What tools or dashboards are available for ongoing reporting?
- Can I independently access documentation for issue resolution, such as labeling photos or receipt logs?
- How is SLA performance tracked and shared?

NUMBER 5:

COMMUNICATION & ACCOUNTABILITY

Clarity in communication prevents lag costs—idle orders, delayed approvals, or duplicated effort. Knowing who updates your team, when, and how often can prevent hidden labor and avoidable escalations.




QUESTIONS TO ASK:

- How are service exceptions, holds, or delayed orders communicated during daily operations?
- Who is the primary contact for operational updates and decision routing?
- What's your typical response time for urgent issues?
- How are recurring issues tracked, reviewed, and resolved?

NUMBER 6:

VALUE-ADDED SERVICES (VAS)

VAS work like kitting, bundling, and relabeling is often outside base pricing. If not scoped tightly or reviewed regularly, these services can become recurring cost drivers—especially when manual labor is involved.




QUESTIONS TO ASK:

- Are value-added services (e.g., kitting, labeling, compliance tasks) completed in-house or outsourced?
- How is manual labor scoped and billed—hourly, per unit, or by project?
- How are non-standard or recurring tasks reviewed and re-quoted?
- Can you show how VAS work is tracked and invoiced month to month?

NUMBER 7:

OTHER AREAS TO CLARIFY

Some cost drivers don't come from the pick/pack line. Branded packaging, carrier flexibility, and system integration scope can all lead to margin impact if not clarified early.



QUESTIONS TO ASK:

- Are there fees for storing or managing branded/custom packaging?
- What's included in integration scope—basic platform connections only, or ongoing support?
- How are shipping zones modeled in your proposal—and how are costs reported by zone or carrier?
- If you're managing parcel contracts, what visibility do we have into rates, surcharges, and performance?



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CHOOSING THE RIGHT FULFILLMENT PARTNER IS ABOUT MORE THAN COMPARING RATES.

It's imperative to understand the assumptions behind the quote, the operational model behind the promises, and the small areas where costs can quietly grow.

These questions are designed to help you get clarity early—so you can evaluate fit, model total cost accurately, and avoid margin surprises down the line. Use them as a reference point during evaluation, pricing discussions, or contract review to ensure your decision supports long-term performance, not just short-term savings.