



Matching Winery Needs to a Quality Fulfillment Provider...

Choosing a quality winery fulfillment partner is more than picking a vendor with a flashy Web site, a slick marketing pitch or a showy system presented as state of the art. Picking a fulfillment partner, as with any third-party vendor, means matching your winery needs to the core capabilities for the fulfillment and services provider. While it may seem like a “no brainer” to identify your own fulfillment needs and then evaluate the providers based on these needs, it’s often more challenging than people realize, and takes more energy and time than some anticipate.

First, identifying your own needs takes the willingness and effort to really think outside the box.

Second, as if identification of needs isn’t difficult enough, now you have to prioritize these needs. (Remember, not everything is a deal breaker even though you want it all!)

And third, creating and following a scorecard or other type of objective measurement also takes commitment, time, focus and a willingness to make a commitment of the resources and discussion for team buy-in to the final decision.

In this WTN Services™ white paper, we provide some information on why it behooves you to go through this detailed process as well as some tips to make it more productive in your selection process. WTN Services™ will win in some cases from prospects that follow this process and loose in other cases. The key take-away is WTN Services™ is committed in helping you select the best fit in fulfillment services for your needs. In doing that we truly represent “Best in Class” service standards.

Why is it so important to pick the right winery fulfillment partner?

Hidden Costs: Your costs can skyrocket in ways you might not have thought of, including the cost of moving and storing your wines, systems integrations and commitment of people time and resources wasted, if you make the wrong choice.

Total Client Satisfaction: When wine fulfillment is done right, you can fully realize the return on your investment in repeat business and an excellent consumer experience. The right wine, delivers to the right customer, in the right condition, at the right time, with a branded touch point with excellence in execution 99% of the time or more.

Reduced Risks-Common Goals: Wineries and wine retailers depend on accurate and confidential fulfillment services. Government regulations specific to wine sales and audit requirements for publicly traded companies due to Sarbanes-Oaxley compliance make finding a fulfillment partner that understands that need critically important. This point cannot be overstressed. WTN Services™ as a publicly traded company, owned by 1800Flowers® understands the stringent reporting requirements required of publicly traded companies and the discipline required to document, track metrics, map process improvement and invest for the long term with an eye on quality, sales growth and profits for you our client and for us the vendor of choice. We share the same goals.



Image & Brand: Excellence in winery fulfillment determines how and when your consumer will receive information concerning the shipments or delivery. Best in-class winery fulfillment can leverage your investment of brand to directly and positively affect marketplace image and relationships. WTN Services™ clearly understands that the winery owns the brand and each consumer touch is a brand touch representing your look, feel and image. In every package we touch we understand the impact to your brand of quality.

Exceeding Partnered Goals: Accurate and timely information, plus fulfillment on which you can depend, can help you manage more effectively, make better decisions, quicker response to business or regulatory changes, and provide you more time to concentrate on your core business, building your brand of fine wines. WTN Services is committed to service with a partnered approach to production planning and keen execution of your goals for excellence.

Steps for winery fulfillment evaluation should include...

STEP 1: Identify Your Wineries Needs:

Identifying your own needs may be the most difficult part in the “finding a winery fulfillment partner” process.

First, various stakeholders in your organization will have different ideas of what’s important.

Second, when given a list of qualities —

- Accuracy,
- Timeliness,
- Price,
- Customer service,
- Business management reporting-they all seem important.

The trick is to identify, *specifically*, what you’re trying to accomplish and how important each task is to your overall business goals.

For instance, if you’re a release winery client, finding a winery fulfillment partner that has unbeatable accuracy, a failsafe relationship with carriers, and an ability to develop custom packaging for each years release might be the critical piece of the puzzle that exceeds all others, even price. These characteristics are the cornerstone upon which all other fulfillment characteristics rest comfortably as “nice to haves” in this scenario. It would probably be helpful to gather your stakeholders (those who have a vested interest in your fulfillment program) and brainstorm to identify all of the relevant needs statements. Once these statements are on the table, try to discern what needs they really address and why these needs are important.



For instance, the subtext of the statement: *we need a next day turnaround on all orders* might really mean: *our systems have a day lag in transmitting orders and compliance scrubbing so we need immediate turnaround at fulfillment to preserve the consumer delivery commitment.*

Now, once you've identified the *real* issue (the need for a longer lead time for compliance checks prior to transmitting orders to fulfillment) you may choose to address it for example, by recommending the compliance check happen at the fulfillment house or through the ecommerce engine via Inertia Beverage Company or Six88 instead. By addressing the *real* issue you not only eliminate the need to turn around orders as quickly (although your fulfillment partner should be able to do so), you potentially greatly reduce your shipping charges by minimizing overnight or two day transport charges by seeking other options and getting to the guts of the need.

Getting to understand the real needs and issues takes a little bit of time and thought and should not be done in a vacuum. Make sure to gather input from members of your team and *validate* your assumptions with stakeholders and end users. Validate those wants and needs in discussions with the fulfillment provider to gain an understanding of how others have tackled similar scenarios than yours.

STEP 2: Prioritize Winery Needs...

Once your real needs are identified, it's time to prioritize. While it may seem like *all* of your needs are critically important, a true evaluation that factors in your business objectives should help with the prioritization process. Let's go back to our release client example. At first glance, XYZ Winery's release manager may feel that online reports and regulatory knowledge/expertise or compliance are both equally important characteristics for a fulfillment partner to offer and excel at. But after further consideration, the marketing or club manager realizes that while online reports are an important tool to help gauge and manage inventory, *the risk of not being compliant with regulatory rules and permitting is by far the most compelling risk for the overall company.* WTN Services™ can aid in both issues. The key is to force yourself to really evaluate how your fulfillment needs affect your overall business needs. This key point is vitally important to selection of the right vendor for your priority needs clearly identified.

STEP 3: Using Metrics to Evaluate Your Choices of Winery Fulfillment Partners...

Now that you have a list of needs, in priority order, it's time to set up the evaluation criteria. A well thought out, documented evaluation form would help you make unprejudiced opinions of various winery fulfillment vendors. One option is to develop a scorecard and rate your potential vendors in the areas you've deemed important. Your scorecard can be standard or "weighted" meaning you give more weight to areas that have more critical importance. Weighted best represents the team approach to a well thought out evaluation meeting your specific needs. Whichever method you use, don't disregard your instincts. Your impression of the processes and procedures outlined, your chemistry with the personnel, and the feeling you get about the winery fulfillment vendors' sincerity and ability to meet your standards cannot be overlooked. History and stability are keen components. WTN Services™ pioneered the concept of winery



fulfillment 16 years ago and has an established track record of excellence and commitment of people and process.

Areas to Consider That Make the Difference Towards Success...

- **Financial Stability**

Choose a vendor that has a proven financial success record and one that has a stable foothold in the industry. No one has to be reminded of the “dot. bomb” debacle that had multiple companies opening shop at light speed. Even Wine.com and Wineshopper.com tried winery fulfillment as a revenue source and, closed just as quickly with your wines stuck in their warehouses and lost forever. A Johnny-Come-Lately vendor or one backed with Venture Capital, even one with a low price or sexy persuasive offering, is not necessarily a good bet. Remember systems and infrastructure may look impressive, but as they age investment in maintaining them and keeping technology current can have a drain on the financial stability of a fulfillment vendor and what glistens today may not a year from now if money is not invested into upkeep and maintenance.

- **Core Capabilities**

As a rule of thumb, the more critical a project is, the more inclined one is to bring in a specialist. This is true for lots of things: open heart surgery requires a Heart Surgeon versus a General Practitioner; a General Contractor will use a Master Electrician for the wiring on a new construction job. These examples seem obvious, but what could be more obvious and more compelling than using a wine fulfillment specialist to handle your winery or wine retail fulfillment needs? After all, **your** wine may be the first impression the consumer has had at drinking fine wines. The timeliness of your order and the condition in which it arrives can protect one of your most valuable assets — your corporate image. WTN Services clearly understands that is why our two dedicated fulfillment centers located in Napa, California and Albany, New York are wine focused. Our parent 1800Flowers® owns other distribution centers but our WTN Services™ distribution centers are developed especially for the wine industry- temperature controlled, properly licensed and designed for high volume club, tasting room or e-commerce pick orders.

- **Operational Standards**

Accuracy and turnaround are just two of the components that factor into a great winery fulfillment operation. Others are “dock-to-stock” time- WTN Services strives for 1 business day turnaround with production planning by the winery. The key to this success is a willingness to partner with the provider in production planning and marketing meetings. Having a system of order, understanding varied client needs within the facility, and hours of operation — just to name a few more are key standards. While most winery fulfillment vendors will boast stellar standards, it’s incumbent upon you to ask for, and validate, the actual supporting documentation and references of quality clients that have stayed with the vendor several years and remain. WTN Services™ has partnered clients that have been affiliated with us for 10 plus years. If the fulfillment vendor is not asking you for volume, production numbers, peaks and valleys of your business and pressing

you for detail meetings of your business needs, then they are not partnering for your success. The winery should be willing to provide marketing calendars and your business plan with the fulfillment account management team upon selection for successful partnering especially during holiday peaks to ensure mutual success.

- **Quick-to-Market Custom Program Capabilities**

Most wineries and wine retailers are affected by seasonality and market spikes. Does your fulfillment candidate have the capacity and relationships with the vendors for redundancy in services? Does the provider have national contracts with the carriers and packaging companies or local contracts and subject to local business flows and trends? Sometimes business spikes are predictable and can, therefore, be planned for with manpower and physical space. However, sometimes these spikes have limited lead-time and require a vendor that is nimble and able to scale at a moment's notice. If time-to-market is critical to your winery success, make sure you fully understand your prospective vendor's available resources and account management structure in helping to plan and define those custom needs. WTN Services™ has national contracts through our parent company of 1800Flowers® assuring our wineries of capacity and service rather shipping from Napa, Albany, international or beyond.

- **Customer Service**

What company is going to say they don't have excellent customer service? None. So it's up to you to dig a little and get the facts. There are a couple of things to look for:

- First, how long has the team been in place?
- What is the account management structure?
- How often do you interface with an account manager for review and planning?
- How are team members incentivized?

Look for a vendor that mentors employees and treats them as partners, sharing the profits as well as the pain. WTN Services™ incites performance, has an annual performance excellence review process. Additionally we dedicate time and resources to training through our award winning Fresh University-1800Flowers® training and workshops for excellence and skills building. Training Magazine recently awarded our Fresh University call center trainers a ranking of one of the top 20 corporate training programs in the USA.

- **Business Intelligence & Behavior Management Tools**

You can't manage what you can't measure- and, managing behavior- that of both your internal and external audiences — is a vital part of your job. Remember our example at the beginning of this document when we discussed requiring the wine order to be processed with a one-day turnaround to mitigate against overnight shipping charges? That type of behavior management is only possible when you have the data that illuminates the issues and an account management team dedicated to reviewing your business and providing options for money savings, sales growth or margin improvement.



WTN Services™ account management teams review your history and seek opportunities when utilizing our services to provide you margin improvements. We review shipments, recommend carrier options, distribution from our multiple warehouses and more. However, handing you a stack of raw data with number of SKUs ordered and dates and locations is okay, but showing you how these numbers trend over time — complete with graphical representations— allows you to more easily assess the information needed to build your business. WTN Services™ is the winery fulfillment company that will not only interpret the data for you, but also will make recommendations for real-world solutions using Napa or Albany, using ground verses air etc to improve your services and your margins.

- **Technological Solutions for Wineries**

What's a "technological advancement" if it doesn't mean anything to your business? Nothing. Choose a company that uses technology as a tool to improve your fulfillment experience and to enhance the effectiveness and cost efficiency of your inventory management and customer branding programs. One example of a technological enhancement that could increase your overall program value is our proprietary package management delivery software. This type of software can lower returns costs, improve customer exceptions and provide margin improvements to you. WTN Services™ is cutting edge with this offering and this is just one example of a technological advancement that a forward-thinking winery fulfillment company can offer.

- **Real-Time Winery Web Interface**

A real-time Web interface is essential for winery professionals especially for order uploading, order status dashboard and inventory monitoring. Make sure you ask your internal users to view the Web interface and test the site to make sure the overall structure is acceptable to your audience and provides tools that are relevant to needs of the winery. Also, ask for and get a detailed list of the Web site enhancements you can expect, the associated costs (if any), and the approximate timeframes. Additionally if you have API capabilities see if the fulfillment house can integrate with your systems for real time reporting capabilities. WTN Services™ leads the industry in web innovation and services and is taking what we have already to new standards thanks to client input and our ability to invest and adapt to changing client needs.

- **Philosophical Winery Match**

This last point is less objective than the items above. It's more of a gut feel, but, nonetheless, it's still important and a valid consideration. First, look around the facility...

- People usually take care of their workstation if they have pride in their work.
- Second, talk with the staff.
- Ask spontaneous questions like "What do you like about working here?" "What motivates you to come to work everyday?"
- Third, look for physical signs of encouragement, special parking places for star performing team members of the winery fulfillment company — things like photos



of employees winning awards or banners signifying a particularly good team effort.

- Again, a company that takes pride in its performance and employees will probably do a better job for you.

WTN Services rewards its peak performers with recognition programs and pays for class opportunities to learn more through Fresh University. Quality of life is important and turnover is a key metric WTN Services™ evaluates in our sustainability index yearly. Finally ask the fulfillment providers to provide you copies of their sustainability index and how they evaluate those measures? WTN Services™ measures its environmental impact, social impact and team member satisfaction and turnover metrics. Any fulfillment company of size and reputation should be more than willing to supply those key metrics to potential clients.

Evaluating a winery fulfillment partner is an important and time-consuming task and one that should **not** be taken lightly. Good luck, we look forward to the opportunity to earn your trust as your “Best in Class” Bi-Coastal Winery fulfillment partner.

Contact WTN Services™ for more information at 707.255.2933 Visit us on the web at www.wtnservices.com and our blog for marketing tips, compliance tips and more at <http://blog.wtnservices.com/>