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## *What is an Order Manager? Why & When Do I Need One?*

### *Part II*

## *Goldilocks and the Three B.E.A.R.S. – The Rest of the Story*

### *(Bodacious Ecommerce Aggravation Reducing Systems)*

Last month we discussed the basics of an **Order Manager**, as well as “**When and Why**” you would want to add this type of program to your current set-up. If you missed that article, you can find it at [http://www.idnac.org/newsletters/OM\\_PartI.pdf](http://www.idnac.org/newsletters/OM_PartI.pdf)

**Order Management (OM)** systems range from simple programs for printing shipping labels and invoices, to full-featured business management systems. The cost can range from a few hundred dollars to \$50,000 or \$100,000 or more. However, cost is not necessarily the best indicator of how a program will work for your business. There are very expensive systems that do a very poor job of interfacing with shopping carts and handling other common Ecommerce tasks; and there are full-featured systems in the \$1,000 to \$2,000 range that are great for Ecommerce companies shipping 10 to 3,000 orders per day.

I’ve talked with merchants who spent \$50,000 on high-end accounting systems **before** they finished their Website or took their first order. Personally, I think most of that money would be much better spent on designing a great store and making sure that the search engines can find it easily. If you start out with inexpensive order management software and outgrow it in 2 or 3 years, you can be sure that there will be new, and probably less expensive, options available for you when the time is right. Also, you will have a much better idea of your real needs after a couple of years of experience. On the other hand, if you do not outgrow your software, you have saved a bundle of money that probably helped you survive your first couple of years!

I have also spoken to merchants who are processing 50 or 100 orders per day and doing everything by hand. The simple addition of a good order management system can often eliminate the need for two or three clerical workers, which is an incredible return on your software investment. A good OM can also help eliminate costly errors and improve your customer service, all of which helps your company grow and can significantly improve your bottom line. By becoming automated, you will have more time to build and grow your business; and not be tied to the office 20 hours a day/7 days a week.

Some of the factors you should consider when shopping for an Order Management system:

#### **1. Where do your get your orders?** Orders can come via:

- Shopping Carts, such as Miva Merchant, Yahoo!Store, osCommerce, etc. There are probably over 1,000 off-the-shelf shopping cart systems, plus many merchants use custom-written systems.
- Sales Channels, such as Amazon.com, eBay.com or Shop.com
- Traditional Mail Order, Telephone, Email, Fax, etc.
- Point of Sale, i.e., walk-in customers in a “brick and mortar” store

Some merchants only get orders from a single channel or shopping cart, however many successful merchants utilize multiple channels to increase their sales. Make sure the order management system you choose supports all of the channels that you use today, or are likely to utilize in the near future. If a system only works with some of your orders, you won’t be getting its full benefit.

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**2. What functionality do you need?** Some merchants just want to print invoices and shipping labels, or import orders into QuickBooks or another accounting program. Others need a full-featured business management system. Let's look at some of the features you may find in various order management systems; you will probably think of others that will be important to you and your business. Prioritize the ones you need or may need soon, and make sure the system you choose has all of those specific features:

- Easy import of orders from various sales channels
- Easy entry of orders that arrive via phone, mail, email, etc.
- Printing invoices and packing slips
- Printing shipping labels or interface with shipping software
- Payment processing (credit cards, etc.) within the system; for capturing pre-authorized payments, issuing credits, etc. Note: While this can be done on your site, it becomes more efficient at some point to perform this task in your OM.
- Easy handling and tracking of returns and exchanges
- Adding, deleting or revising line items
- E-mail communications with your customers, and other CRM tools
- Point-of-Sale (cash register) system
- Accounting features, or Integration with an accounting program
- Inventory tracking – for internal use, reordering, etc.
- Inventory tracking – "Real Time" updates to your shopping cart(s)
- Order Status updates to your Website or your shopping cart(s)
- Drop Ship order processing
- Transmitting orders to fulfillment centers
- Purchase order generation and tracking
- Report generation
- Packing features – confirm that each order is packed correctly
- Shipping address validation
- Barcode scanner support
- Easy import and export of data
- Customization capabilities
- Can it grow easily with your business
- Customer and Technical support, and training on the system
- Scalability of the OM

**3. Web Based vs. PC Based?** Some order management systems are Web-based, so they can be accessed and used by employees at any location, and program updates are automatic. Others are PC-based, where you may have a greater ability to access the system since it is not dependent on Internet access, with the potential for integrating it with other systems you might be using. Web-based systems will frequently have per-transaction or per-order charges which can add to your costs, or Web-based may be more cost-effective for your particular business model. You may also find that PC-based systems are more customizable than Web-based systems. It is important to pick a system that will fit your company's operation; as there are Pro's and Con's to each platform and it can be quite costly to pick the wrong system. You may want to talk to various merchants that run similar businesses, or a consultant who works with many types of business owners; discuss your day-to-day operation and what processes are most important to you and your business.

- 4. Importer vs. Full System?** There are some inexpensive systems that are *importers* that will capture data from one or more shopping carts and import the information it into QuickBooks or some other accounting system. If that is all you need, you can save a lot of money by using one of these systems; and they tend to be a great 'starter system' towards automation versus doing everything manually. However, be aware that most accounting systems are not designed to streamline day-to-day operations, so they may not add as much to your efficiency as a full order management system. Another consideration, QuickBooks has limited list capacity; which can be easily maxed out in a year or less if you process 50-60 orders a day and try to manage all the data only in QuickBooks\*. Not to mention tracking merchandise; if you have a large number of items; whether they are inventory, drop-ship, or a combination, you can fill up a file pretty quickly. I've spoken to numerous merchants who were not aware of these limits and had serious problems when they suddenly hit the limit in the middle of their busy season. **\*Note:** Some of the data importers can be configured to use a generic customer name, or the date of the order as the customer (i.e. 365 Customer 'names' per year) so your customer list is not overly populated. Items are not so easily managed.
- 5. Multi-Channel & POS Support?** Does the system support all of the sales channels you plan to use in the foreseeable future? Can all of them interact with the same inventory? If you have a "brick and mortar" retail store, can you integrate a Point of Sale (computer cash register) system with your Web stores and update their inventory when you sell something to a walk-in customer? Is importing orders easy, or does it require a lot of steps? Can the order manager send status and package tracking data back to the shopping carts? These questions are very important if your business falls into this category; as you may find yourself switching systems several times over the course of a year or two because this type of set-up can be difficult to manage.
- 6. Inventory Requirements.** Do you need to track inventory at all? Some companies only deal with drop-shipping and don't need to track inventory. If you do track inventory, do you want your shopping cart to hide out-of-stock items, or at least warn customers that they are backordered? Will both your shopping cart(s) and your order management system support this, and are they compatible with each other? If you sell items with options like color, size or style, and need to track inventory down to the specific color and size, etc., can both systems handle that? And what about purchase order generation, receiving inventory, dealing with vendor invoices, etc.? Does the order management system have the tools you need? A good OM can streamline all of these procedures, saving valuable time and additional expenses due to errors.
- 7. Order Status.** To run an efficient operation, it helps to limit the number of "where's my order" telephone calls and e-mails. Many shopping carts can display order status and package tracking data to your customers, which helps them track their own orders so they do not have to call you for the information. Will your shopping cart and the order management systems you are considering work together for this? Can the order manager send status and tracking data to your shopping cart? What about orders that arrive via phone, mail or fax – is there a way for customers to get information about those orders, as well?
- 8. Focus of Program & Support.** This one is less obvious but can be very important. A company with 1 to 10 employees will have very different needs than one with 50 or 100 workers. There are software companies that are oriented specifically towards larger firms. Their software, pricing and support policies, support staff and documentation are all designed for, and targeted at, larger firms. Smaller merchants may feel lost when dealing with these type of companies.

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On the other hand, there are software companies that specialize in supporting small merchants and dedicated to helping the smaller merchants to succeed and compete effectively with their larger competitors. Their programs, pricing and personnel are all focused on giving smaller retailers the kind of help, and the 'edge,' that they need, but can be difficult to find. Try to find a company that has the tools your business requires, and the kind of support that you want. Check their support policies. Can you get a technician on the phone if you need help? What about customization or adding new features? Is the company receptive to your ideas and requests? Do they have an active user forum, meetings or other places where you can interact with other users? Are there any independent consultants that you can call on for assistance if you need it? The answers to these questions will affect your whole experience with the software that you select.

When deciding on an ***Order Management System*** there is a lot to consider and a great deal research you should do; remember that you and your employees (if you have any) will be spending a lot of time with whatever solution you select. Choose wisely and you will have the tools you need to help you grow your business efficiently and effectively, support your customers and increase your profits, and maybe someday your company will be one of those household names in the world of Ecommerce!

Good Luck!

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