Yepoda Fulfillment & 3PL Management: Strategic Foundation Document

Audience: Chief Operating Officer (COO)

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Objective: Build and implement a scalable, cost-efficient, and high-quality Fulfillment & 3PL function for Yepoda that supports global business growth, delivers excellent customer experiences, and drives operational excellence across all channels and regions.

1. Introduction to Fulfillment & 3PL Function at Yepoda

As the newly appointed Manager for Fulfillment & 3PL, my mandate is to establish this critical function from scratch, laying a strong operational foundation that supports current needs and future growth. This document details the approach to building a world-class fulfillment function that empowers Yepoda's mission through operational precision and agility.

Yepoda operates across a complex, fast-evolving ecosystem, with multiple sales channels including Direct-to-Consumer (D2C), Amazon and other B2B platforms, retail partnerships (like Sephora), and temporary pop-up stores. These are spread across key markets in Europe and North America, which increases the importance of a harmonized yet localized fulfillment strategy.

SEAMLESS GLOBAL REACH

Core Responsibilities

Operational Oversight

Manage four strategically located 3PL warehouses (Germany, Italy, UK, and the US), each run by independent service providers using distinct WMS (Warehouse Management Systems). Oversee the coordination and performance of these diverse operations.

SOP Development

Design, document, and implement Standard Operating Procedures (SOPs) for each fulfillment process, from inbound stock receipt to order fulfillment, inventory reconciliation, and return processing. This ensures standardization, traceability, and compliance.

Fulfillment Strategy

Leverage Everstox's middleware to access 200+ warehouse partners, supported by real-time dashboards and integration capabilities with Yepoda's ERP. Use Everstox's specification and volume-based recommendation engine to optimize fulfillment partner selection.

Performance Management

Develop a robust KPI framework to monitor and optimize 3PL performance. Address key visibility issues, such as in-transit inventory blind spots, by implementing metrics such as "On-Hand Stock" vs. "Available Stock." Ensure issues are flagged early and resolved through weekly check-ins.

Cost Control

Implement a market-specific budgeting model, closely monitor fulfillment costs, and actively explore cost-saving opportunities like using East Coast US 3PLs instead of West Coast partners, or leveraging a Polish warehouse for FBA (Fulfillment by Amazon) to reduce storage and transportation costs.

Core Responsibilities (Continued)

Partnership Management

Negotiate and manage SLA-driven contracts with 3PLs. Incentivize partners to meet or exceed performance expectations using tiered pricing, bonus-penalty frameworks, and structured business reviews.

Tech Integration

Maintain seamless connections between Yepoda's ERP, Shopify, Everstox, and Amazon SP API (Selling Partner API). Ensure data flows across systems without interruption.
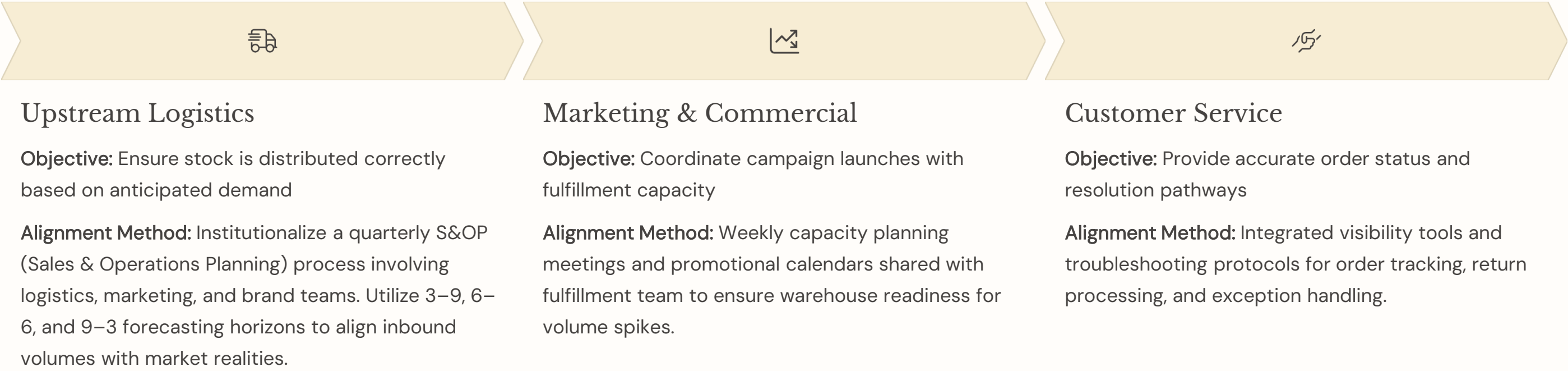
Cross-Functional Collaboration

Align fulfillment operations with the wider business through structured coordination with supply chain, marketing, product, and commercial teams.

2. Cross-functional Interfaces and Alignment Suggestions

Fulfillment touches every aspect of the value chain—from the moment goods leave Korea to the instant a customer receives their order. Robust internal alignment is vital.

Upstream Logistics

Objective: Ensure stock is distributed correctly based on anticipated demand

Alignment Method: Institutionalize a quarterly S&OP (Sales & Operations Planning) process involving logistics, marketing, and brand teams. Utilize 3–9, 6–6, and 9–3 forecasting horizons to align inbound volumes with market realities.

Marketing & Commercial

Objective: Coordinate campaign launches with fulfillment capacity

Alignment Method: Weekly capacity planning meetings and promotional calendars shared with fulfillment team to ensure warehouse readiness for volume spikes.

Customer Service

Objective: Provide accurate order status and resolution pathways

Alignment Method: Integrated visibility tools and troubleshooting protocols for order tracking, return processing, and exception handling.

Additional Key Interfaces

Finance

- Cost tracking and fulfillment budgeting
- Monthly variance analysis

Product Development

- Product spec alignment for handling requirements
- Launch coordination and packaging reviews

Tech Team

- System integration maintenance
- Data flow optimization

Cross-functional Interfaces (Continued)

Last Mile / Downstream

Objective: Handover to carriers and resolve delivery issues

Alignment Method: Weekly operational sync; monitor exception reports, address backlog spikes immediately.

E-Commerce (Shopify/Amazon)

Objective: Order sync, customer expectations, marketing campaigns

Alignment Method: Build Shopify and Amazon SP API integrations into ERP for automation. Coordinate on promotions to avoid fulfillment errors.

Business Intelligence

Objective: Report generation and cost control

Alignment Method: Leverage Looker/Power BI to monitor SKU level performance, fulfillment costs, and returns. Use data to identify candidates for SKU rationalization.

Retail & B2B Sales

Objective: Packaging and promotional materials alignment

Alignment Method: Maintain SKU splits in ERP between retail, Amazon, and B2B. Plan for different carton sizes, barcodes (FNSKU vs. EAN), and necessary documentation.

In addition, all new product launches should have an aligned operational Go-To-Market checklist to predefine inventory strategy, packaging, forecast, and lead time buffers.

3. Challenges and Success Factors in 3PL Steering

Key Challenges:

WMS Fragmentation

Each warehouse operates with its own system, making crossnetwork standardization difficult.

In-Transit Visibility

Everstox sometimes fails to capture stock during transit. This leads to discrepancies in available stock levels, especially during high-velocity sales.

Regional Inefficiencies

DE is currently shipping to FR, ES, and PL, which may be suboptimal from both cost and lead time perspectives.

Amazon Compliance Complexity

Amazon requires FNSKU barcodes for FBA orders, which differ from traditional EAN barcodes used in B2B/Retail. Non-compliance can lead to additional labelling charges.

SKU Proliferation

With 160 SKUs and 5% annual growth, managing supply chain complexity and stock aging requires constant review.

Key Success Factors

Middleware Maximization

Continue optimizing Everstox capabilities, including Slack-based operations, quotation automation, and real-time dashboards.

Geographic Smart Sourcing

In the US, explore Free Trade Zones (FTZs) and Amazon AWD (Amazon Warehouse and Distribution) to reduce customs burden and improve liquidity.

Scalable Partnerships

Leverage flexible tech-enabled partners like Alaiko in the EU and Shipmonk or Shiphero in the US.

Data-Led Steering

Track fulfillment KPIs across all regions. Regular audits should identify systemic issues in error rates, missed SLAs, or process inefficiencies.

4. Fulfillment KPIs and Performance Metrics

These metrics ensure objective and actionable performance evaluation, enabling real–time decision making.

Service Quality Metrics:

Order Accuracy

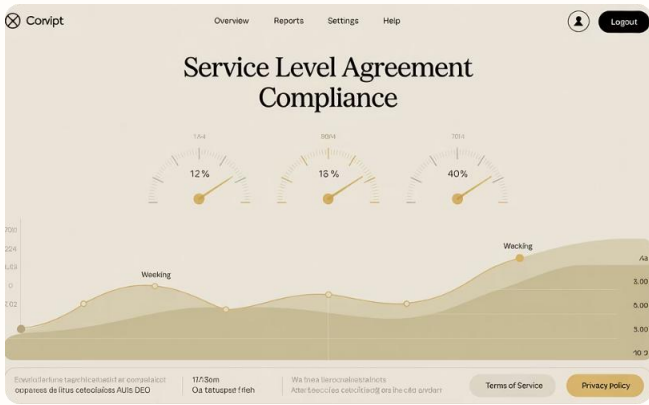Percentage of orders fulfilled without errors

On-Time Dispatch

By warehouse and channel

Same-Day Processing

Orders processed within same business day

SLA Compliance

Tracked weekly across all warehouses
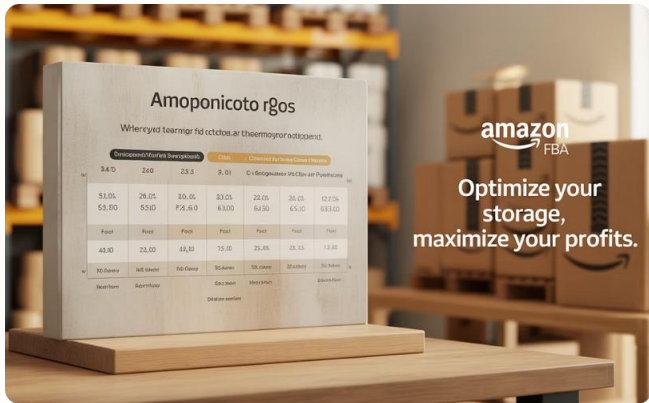
Cost Efficiency Metrics

Cost per Order

Normalized by channel

Labelling Penalties

Especially Amazon FNSKU non–compliance

Returns Processing Cost

Average cost per returned item

FBA Fee Delta

Actual vs. optimized based on routing through PL hub

Inventory Accuracy & Process Stability

optimized. simplified. delivered.

Inventory Accuracy

- Inventory Turnover by SKU group

- Stock Availability (On-Hand vs. Available)

- Out-of-Stock Incidents and duration

Process Stability

- Mis-pick/Error Rate per 100 orders

- Average Handling Time

- In-Transit Stock Visibility (Everstox sync accuracy)

- Return-to-Sender Ratio

All these KPIs should be integrated into a centralized dashboard for internal and external stakeholder visibility.

5. Interaction Model for Stakeholder Engagement

Establishing regular communication rhythms ensures timely problem resolution and proactive planning:

With 3PLs:

1 — Weekly

Slack-based touchpoints using Everstox

2 — Monthly

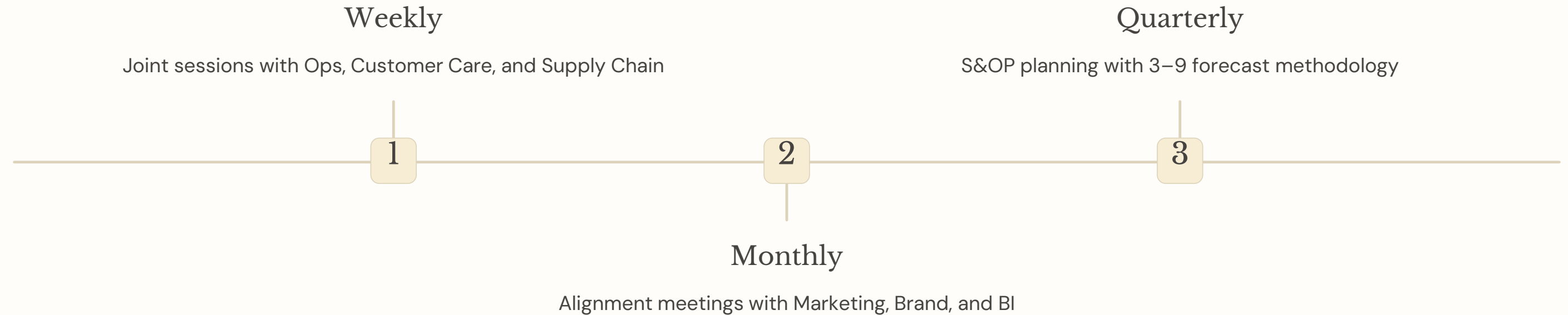Operational reviews focusing on backlog, picking errors, and SLA compliance

3 — Quarterly

Strategic reviews to align on growth plans, peak season readiness, and cost efficiency projects

Stakeholder Engagement (Continued)

With Internal Stakeholders:

Weekly

Joint sessions with Ops, Customer Care, and Supply Chain

1

Quarterly

S&OP planning with 3–9 forecast methodology

3

2

Monthly

Alignment meetings with Marketing, Brand, and BI

With Executive Leadership:

- Monthly COO performance updates with key metrics and action items
- Ad hoc updates for escalations, disruptions, or new market entries

6. Contractual Term Sheet for 3PLs

A well-structured term sheet safeguards service quality while enabling flexibility.

Key Terms:

Pricing

Volume-based tiered structure that encourages growth

Incentives

Performance bonuses for exceeding KPIs; penalties for underperformance

Data Reporting

Daily stock feed updates; integration compatibility with Everstox

Audit Rights

Quarterly quality reviews and performance checks

SLAs

Clearly defined targets for fulfillment time, accuracy, return rate

Labeling Requirements

Adherence to channel-specific needs (FNSKU, promo inserts)

Returns

Resolution within 5 business days

Forecast Cooperation

Required participation in S&OP forecasts

7. Current Warehouse Network Assessment

Strategic evaluation of our global warehouse network performance and opportunities:
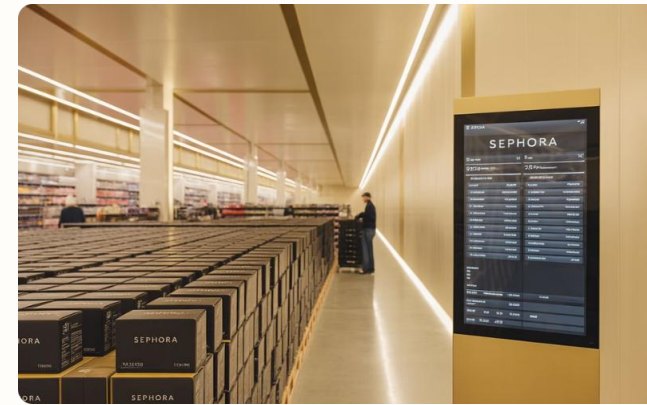

US Warehouse (North America)

High shipping costs from West Coast; consider East Coast or AWD solution; leverage FTZ to delay duties and improve cash flow.

UK Warehouse (UK & Amazon UK)

EFN post-Brexit increases cost; direct-to-UK shipping or localized fulfillment is preferred.

IT Warehouse (Italy, Sephora, Pop-ups)

Improve API sync with Sephora. Margin and buying terms can be optimized.

DE Warehouse (EU excl. UK & IT)

PAN-EU active, but any break in status triggers EFN charges for countries like FR, ES, PL. Setup in Poland would be strategic.
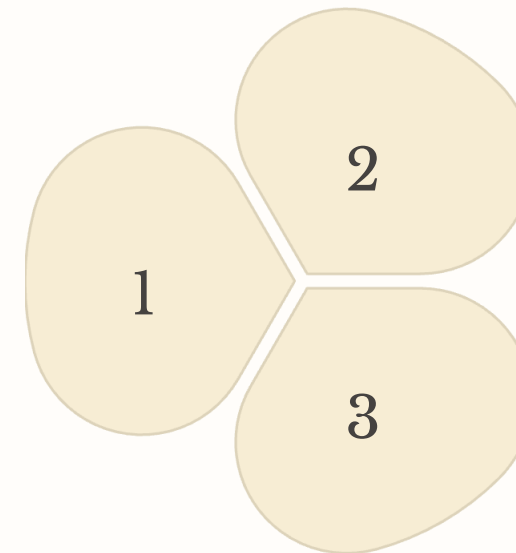
8. Vision for Future Network Architecture

Short-Term (6–12 Months):

Poland warehouse integration for FBA routing

Establish new warehouse location to optimize European fulfillment network (EFN)

SKU optimization based on Pareto analysis

Identify and focus on high-performing products
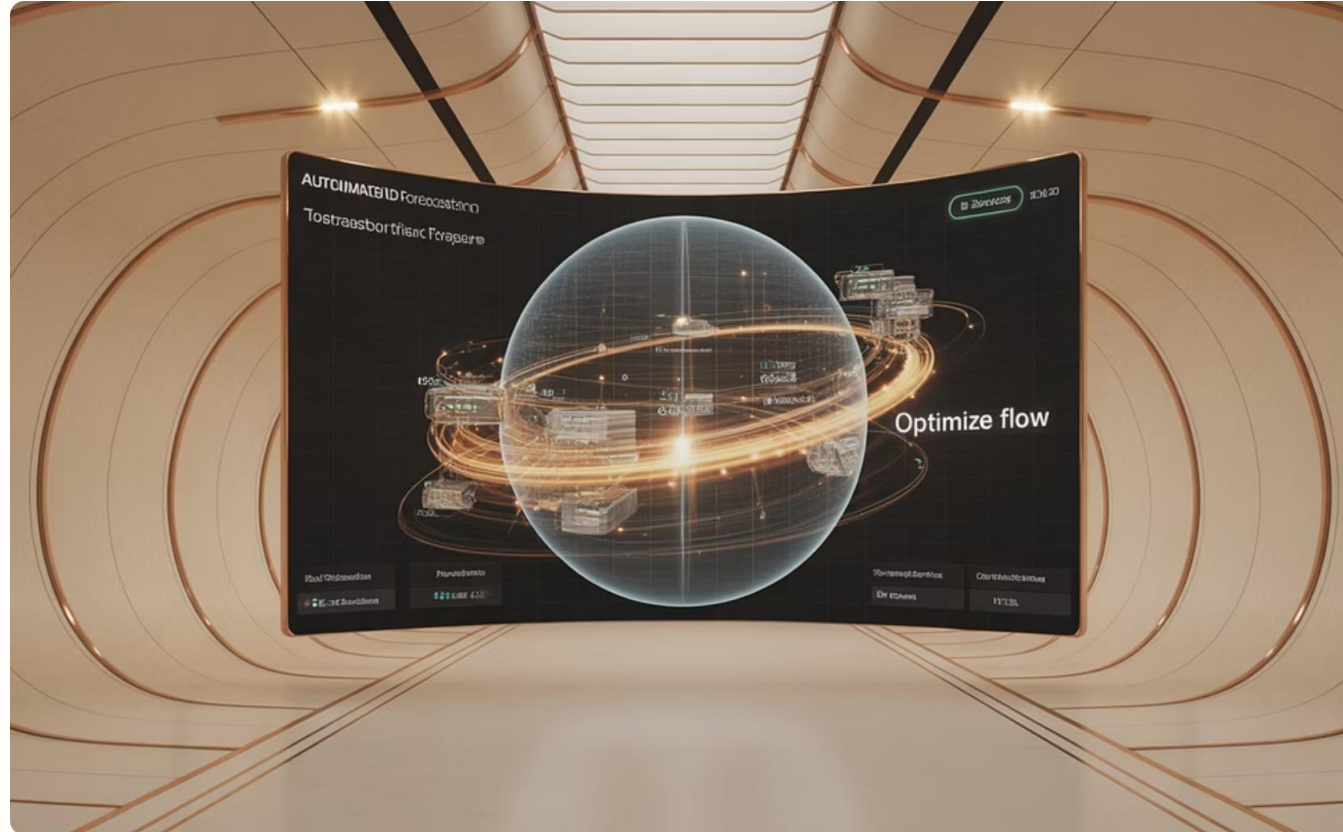
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Shopify + ERP + Everstox + Amazon SP API integration

Create seamless technology ecosystem for order management

Mid-Term and Long-Term Vision

Our fulfillment strategy evolves through carefully planned phases:

Mid-Term (12–24 Months)

- Automated forecasting via 3–9, 6–6 models
- AWD deployment for US
- Evaluate Alaiko and localized FR/ES partners

Long-Term (24–36 Months)

- Unified EU/UK/US contract consolidation
- Local 3PLs in FR and ES for rising D2C demand
- Evaluate warehouse or hub for new markets (Nordics, Asia)

9. Additional Strategic Recommendations

ERP Configuration

SKUs in ERP must differentiate FNSKU and EAN to prevent inventory mismatches

Amazon Relationship

Maintain open Amazon Vendor/Seller Central dialogue to waive labeling fees

SKU Management

Consolidate low-performing SKUs to improve turns and reduce write-offs

Data Reliability

Increase ERP reliability by auditing Everstox data sync, especially in-transit stock

Route Testing

Test routing shipments from PL warehouse to FR/ES/IT to validate cost/time benefits