

# MARKETPLACE

THE WALL STREET JOURNAL.

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TUESDAY, DECEMBER 7, 2004

## SMALL BUSINESS



### CASE STUDY

◊ By PAULETTE THOMAS ◊

#### *In a Routine Business, Extra Service Pays Off*

**THE PROBLEM:** Distinguishing yourself in a commodity business.

No industry is more prosaic than order fulfillment. A company pays a warehouse owner to store its merchandise and ship it out when a customer calls or orders from a Web site. Outsourcing order fulfillment has become one of the pillars of an economy built on wringing out inefficiencies in the supply chain.

But Keith Milburn of Kansas City hadn't heard of the business before. He'd worked for years in sales, and was looking around for a little manufacturing firm to buy. He found one, and was kicking the tires, strategizing about sales. While he discussed ways to get product samples to sales folks in the field, someone advised him to go to a fulfillment company. "What's a fulfillment company?" he asked.

The more he looked at the straightforward business, the more intrigued he became. When the negotiations to buy the manufacturer crumbled, "I became enthralled with fulfillment," he says. And in 1998 he launched his own company, **Innovative Fulfillment Solutions LLC**, in centrally located Kansas City, Mo.

How to get business, though? Aside from price cutting, what sets one warehouse with phones apart from another?

**THE SOLUTION:** He started aiming at big corporations that needed to get sales samples to the field. He nabbed a few clients and built special Web sites they could use to order their samples in various configurations.

Then he crossed paths with a nutraceutical company, a firm that sold multi-vitamins and omega 3 fish oil tablets, especially for heart patients. The nutraceutical company sought a fulfillment partner that could deal directly with the customers buying the vitamins. Mr. Milburn's call-center employees had to be able to offer more robust customer service than just taking orders and sending out boxes of goods. They had to be able to answer questions about the vitamin products, and their uses and limits.

He began hiring only full-time call-center personnel with college degrees. He assigned particular products to particular employees, who armed themselves with product studies, referrals to helpful associations of fellow sufferers, and other information.

With that as the template, he began adding other nutraceutical clients. He began attending the industry's trade shows, seeking out the reputable companies. He launched a newsletter, *Nutraceutical News*. Though still small, Mr. Milburn says that IFS revenue is in the \$2 million to \$4 million, with 15 to 20 employees. IFS says that it now has 11 nutraceutical companies as clients, and two more to start early in the year, about 45% of its revenue. Now that he has found his target niche, he expects faster growth.

**THE LESSON:** Help your customers to thrive, and the benefit rebounds to you.



**Journal Link:** *Paulette Thomas answers small-business questions at [StartupJournal.com](http://StartupJournal.com)*