

# Business Profile: The Fulfillment Lab

One day, Rick Nelson was curious to learn more about the competition in ecommerce global shipping. He quickly realized there was “a lot of low-hanging fruit in the third-party logistics industry,” he says.

He convinced his wife Natalie that it was a viable space to invest in. Yet they did more than that: They founded The Fulfillment Lab in 2012 to provide more creative ecommerce global shipping.

Since Day 1, it has been profitable.

“Basically, the ecommerce global shipping companies were trying to under-promise and over-deliver, but not doing it well, so we have always been able to provide a much better overall value to our clients. We grew rapidly on strong word-of-mouth and vendors have continued to refer us.”

The key to the bustling enterprise ([www.thefulfillmentlab.com](http://www.thefulfillmentlab.com)) is Nelson’s creation of a software tool whose artificial intelligence takes clients’ 7, 14, and 30-day sales, uses the larger number to get “daily velocity,” then divides the current inventory on hand by the velocity to determine what is needed, based on the manufacturing lead time.

“It’s a moving target because today you may have enough for two weeks, but if your lead time is three weeks then you’re already headed for back order and unhappy customers,” he explains. “We communicate with clients by automated report and verbally. They can just check boxes whether to tamp down or increase production by a percentage. You can’t be perfect with something like this, but you might be three days behind orders rather than three weeks. Our clients appreciate that we’re accurate and recognize problems early.”

Eight years ago, Nelson began working with Sloan Health Products, which makes cosmetics, shampoos, nutritional supplements, and other items which can be private labeled for many TFL clients. This enables Sloan to ship enormous loads to its 14 warehouses from Copenhagen to Guangzhou in advance of demand, so they are available to be immediately sent out even before they are paid for. Nelson’s volume today allows him to call on Sloan for help for clients who have special needs.



Even with the inventory from Sloan and sophisticated software, it still seems daunting to offer rapid delivery to the entire world cost-effectively with so many clients and millions of their customers who have constantly changing needs and wants, but Nelson has it managed.

“It doesn’t really matter if we have 1000 clients with three brands and 100 products each or 10 times that, as long as there is a repeatable, scalable system,” he explains. “Because we don’t have many deliveries on weekends, on Monday we have triple the volume of Tuesday to Friday, but no problem finding people who like the simple tasks we ask them to do, appreciate the environment, and know we are eager to promote them.”

Here is how Nelson has further differentiated The Fulfillment Lab other 3PL firms.

“Ecommerce has largely lost that tangible experience of being in a store and data collection largely stops at the purchase,” he says. “We make the experience memorable when the customer gets the package. If you ask a customer where they bought something from, they may say Amazon, not the maker of the product. If customers don’t understand that how you differ from competitors, that invites counterfeiting, but we can build the brand starting with putting not just your logo, but part of your ‘story’ on the shipping box.”

TFL uses AI to determine a surprise to put inside, such as a coupon for their birthday, an extra gift, or, say, a QR code to get a discount on Taylor Swift’s merchandise. When individual’s register,



it gives TFL more data to enhance the next experience. A study shows that 61% of consumers say they will repeat a purchase if the product comes in a premium package, 50% will recommend products that come in gift-like or branded packaging and 40% are more likely to share an image on social media if it was unique or branded.

TFL counsels clients on how to get customers excited about opening their packages with creative "unboxing" videos. Influencers produce them for new product launches and consumers have taken the idea and run with it, drawing several billion views on YouTube a year and growing rapidly. Nelson has found unique ways to make consumers feel connected to the brands and it has been a very fulfilling experience for all involved.

**W**hen Nelson was in the process of getting his business administration degree from the University of Florida in 1998, he decided to put an emphasis on marketing.

"Many managers and entrepreneurs I encountered didn't seem to really understand marketing and that they're more interested in finance or the product or service they offer," he says. "But they get blindsided because if you aren't selling, no one gets paid."

With degree in hand, Nelson went looking for a company with a good value proposition for meeting needs or solving the customer's pain. Making the sale, he says, is about "listening, communicating, and perseverance."

Not all of the first five firms he worked for aligned their day-to-day practices to show they really cared about either the customers or the employees. "But I learned from both the good and the bad managers," he says. "I especially gained from a lot of hands-on experience with HR because it was one of the first departments to utilize the cloud, so I was immersed in everything from IT and payroll to healthcare and taxes. I also found out how to create a company where you have an environment that is great for the starters, mid-level executives, and top management."

In 2008, Nelson and his wife founded Almost Home After School Center for K-5 and a summer program to provide students with an enriching program until their parents were off work. They started with 12 kids and quickly grew to 113 in 5,000 square feet. He believed that rapid growth was manageable if it was broken down into scalable to pieces, an insight to which he attributes much of the success of The Fulfillment Lab.

"Some of my group leaders were feeling overwhelmed by the volume until I explained how to think about their tasks in a modular way," Nelson says. "If you put in the time to build the right structure and communicate how it works, then your people can look past the chaos and realize it's simple to manage. When you start adlibbing, it's the kiss of death." — By Scott S. Smith, California Business Journal.

Copyright © 2020 California Business Journal. All Rights Reserved.