

# Definitions and Acronyms

Logistics companies love a good Acronym, so we have built a list of common words and acronyms used within the 3PL / Fulfilment space and defined them in easy-to-understand definitions to help people get their heads around what we are talking about.

- ❖ **3PL / Third Party Logistics:** a provider that manages warehousing, fulfilment and distribution for other businesses.
- ❖ **4PL / Fourth Party Logistics:** a provider that doesn't do the physical logistics work but manages and co-ordinates multiple providers for customers.
- ❖ **ABC Profiling:** Determining what SKUs are the fastest moving is critical, ABC analysis assigns an A to the fast moving (using pareto principles), B to the next lot and C to slowest moving. A's should be in the Golden Zone, and as close to the Packing Station as possible.
- ❖ **ALCO / Average Logistics Cost per Order:** the average cost of logistics per order. Total cost per month (excluding freight) or per year divided by the number of orders.
- ❖ **AOV / Average Order Value:** This is the average value of one of your orders (can normally be found in prominent parts of your storefront). If you know your ratio of ACLO to AOV you can manage the costs of logistics over time.
- ❖ **API / Application Programming Interface:** a connection between systems that allows the exchange of data automatically.
- ❖ **ASN / Advanced Shipping Notification:** A pre-arrival notification from a supplier or customer detailing incoming stock.
- ❖ **B2B / Business to Business:** This describes an outward transaction from your business to another business; these are things like retail or wholesale orders.
- ❖ **B2C / Business to Consumer or DTC /Direct to Consumer:** This describes an outward transaction from your business directly to a customer
- ❖ **BACC / Biosecurity Authority Clearance Certificate:** A document in NZ confirming that imported goods meet biosecurity requirements, this is issued by MPI, containers can't be opened/released without a BACC.
- ❖ **Back order:** An order placed for an out-of-stock item, at Fulfilment Plus we don't manage back orders, a new order needs to be submitted for the item.
- ❖ **BBD / Best Before Date:** The BBD is a date that is normally associated with food products that determine when it is best consumed by. A BBD can be linked in our WMS. See FEFO
- ❖ **Bulk Freight:** A palletised shipment that is delivered via a truck
- ❖ **Bundling / Kitting:** Combining multiple SKUs together when selling. We then pick individual units.
- ❖ **Consignment:** A consignment is what we call the orders once they are packaged up and in the freight network.
- ❖ **Courier:** A courier delivery is one in a carton or satchel that is delivered by a courier van typically. Couriers have size limits of 25kg and 0.125m<sup>3</sup> in NZ
- ❖ **Cross Dock / Xdock:** A cross dock involves goods coming into the warehouse, being sorted and leaving the warehouse straight after sortation. There is no storage in a cross dock.
- ❖ **Cycle Count:** Scheduled small inventory checks by location or SKU to maintain accuracy without a full stocktake.

- ❖ **DDP / Delivery Duty Paid:** An incoterm for delivery internationally, where the exporter must complete all the paperwork and pay all costs to get the goods delivered to the buyer's destination.
- ❖ **DDU / Delivery Duty Unpaid or DAP / Delivery At Place:** Both terms describe a shipping arrangement where the seller is responsible for transporting goods to a named destination, but the buyer is responsible for all import duties, taxes, and customs clearance. DDU is outdated but still used colloquially, while DAP is the current and correct Incoterm for this arrangement
- ❖ **Devan:** The act of unloading a container.
- ❖ **DG / Dangerous Goods:** Dangerous Goods require special management within our warehouse and when despatched into the freight networks. There are 9 classes of DGs with different handling, storage, and management requirements.
- ❖ **DIFOT:** This is a delivery metric of delivered in full on time. I.e. has the delivery been made with all pieces and in the intended timeframe. Normally presented as a % of passed shipments over a week or month.
- ❖ **DIFOTIS:** This is a delivery metric of delivered in full on time in specification. I.e. has the delivery been made with all pieces and in the intended timeframe and not damaged / with signatures if required / and to the delivery instructions. Normally presented as a % of passed shipments over a week or month
- ❖ **DOT:** This is a delivery metric of delivered on time. I.e. has the delivery been made in the intended timeframe. Normally presented as a % of passed shipments over a week or month
- ❖ **Duty / Tariff:** both are forms of tax imposed on goods, Duty applies on goods crossing a border and collected by customs, and a Tariff is applied to specific imported goods based on government policies.
- ❖ **ERP / Enterprise Resource Planning:** A system that controls and manages a range of business functions, including inventory, finance, procurement and sales.
- ❖ **ETA / Estimated Time of Arrival:** The projected arrival time of a delivery
- ❖ **FAF / Fuel Adjustment Factor:** sometimes call VFR (Variable Fuel Rate), this is an fee on freight consignments that is a variable component linked to fuel (normally diesel or oil) costs.
- ❖ **FCL / Full Container Load:** A form of shipment where a full container is used.
- ❖ **FEFO / First Expiry First Out:** A picking methodology that prioritises the closest expiry date as the first item to be picked. Utilised with goods that have an expiry or BBD, used a lot in food picking.
- ❖ **FIFO / First In First Out:** A picking methodology that prioritises the item that was received first into the warehouse as the first item to be picked. Generally used with general merchandise and apparel products.
- ❖ **FTL / Full Truck Load:** A form of shipment where the shipment utilises a Full truck load.
- ❖ **GRA / Goods Return Authorisation:** A term to refer to an approved Return order. Can also be called and RMA / Returns Material Authorisation.
- ❖ **GRN / Goods Received Notification:** A notification that a PO or shipment has been received.
- ❖ **Golden Zone:** The pick faces that are closest to the Packing Station that have the shortest walk times and are the easiest and fastest to get to. The Golden Zone should be reserved for the fastest moving stock.
- ❖ **HS Code:** short for Harmonised System Code, which is a global tariff classification for systems, this is applied at a SKU level and is an important bit of information on export orders.
- ❖ **IMS / Inventory management System:** A system to manage inventory and orders, used by customers.
- ❖ **KPI / Key Performance Indicator:** A metric that is used to manage performance or quality. At Fulfilment Plus we use KPI's to convey the agreed performance levels that we have agreed with customers.

- ❖ **LCL / Less than Container Load:** A form of shipment where the shipments volume is less than fits in a container, we often call any shipment that does not arrive in a container an LCL.
- ❖ **LIFO / Last in First Out:** A picking methodology that prioritises the last item received when picking. There are not a lot of uses for LIFO, sometimes used to mange COGS when in an inflationary period. Some account standards (IFRS) don't allow LIFO.
- ❖ **Manifest:** Document listing all shipments leaving the warehouse at a certain pick up for a particular carrier.
- ❖ **MHE / Material Handling Equipment:** Refers to equipment that is used to move or handle items in the warehouse. Includes equipment like Forklifts, Pallet Jacks, Trolleys, Reach Trucks.
- ❖ **MPI / Ministry for Primary Industries:** The Government Department responsible for biosecurity in NZ
- ❖ **MSDS / Material Safety Data Sheet:** A document that accompanies Dangerous Goods and outlines details around the DG composition, handling, storage and transport instructions.
- ❖ **OMS / Order Management System:** Similar to an IMS
- ❖ **OOS / Out of Stock:** This is the status or SKUs when you have run out of stock.
- ❖ **Packing:** The act of putting products into packaging so that they are ready for delivery.
- ❖ **Packing Station:** The area in our warehouses where picked orders are finalised and then packed for delivery.
- ❖ **Pallet:** A wooden platform that we put stock on to store in racking, or for packing on for bulk freight
- ❖ **Pallet storage location:** An area in the warehouse with racking that allows us to store pallets of stock vertically to maximise space. General rule is one SKU per Pallet location
- ❖ **Pick face location:** A smaller shelf location used to store cartons of individual SKUs. These are either independent shelves or on the lowest levels of racking.
- ❖ **Picking:** The art of selecting the correct SKU from its location for an order.
- ❖ **POD / Proof of Delivery:** A document that shows that a consignment has been delivered to its consignee. POD's are digital and can include signatures, photos and GPS co-ordinates.
- ❖ **Putaway:** the process of putting stock into locations
- ❖ **Receipting:** Checking off the stock and adding it into our stock holding
- ❖ **Receiving:** Accepting the delivery of stock
- ❖ **RTS / Return to Sender:** A status for consignments that can't be delivered and are sent back to the sender due to incorrect addresses, undeliverable conditions, or recipient refusal.
- ❖ **SKU / Stock Keeping Unit:** A unique identifier for each product or variation stored and managed in the warehouse.
- ❖ **SKU Rationalisation:** Identifying slow performers and removing them to reduce fulfilment complexity.
- ❖ **SLA / Service Level Agreement:** A formal commitment specifying performance expectations and how our relationship is managed. Often called a contract.
- ❖ **SOH / Stock on Hand:** refers to all physical units within our warehouse. Included all unavailable or damaged stock.
- ❖ **SOP / Standard Operating Procedures:** A document that outlines how we operate and the way that we do processes while managing your account.
- ❖ **Stock Accuracy:** Refers to the level of accuracy we have of stock control. Measured as a percentage and the remainder is called ullage
- ❖ **Stocktake:** A full count of all stock in one go, involves freezing stock and processing to count all stock.
- ❖ **Storefront:** An ecommerce site that a customer uses, we connect storefronts to our WMS.

- ❖ **TMS / Transport Management System:** A system used to manage all the transportation requirements, Starshipit is our TMS, with all orders from our WMS flowing into it and rules being applied to each consignment.
- ❖ **Transit Time:** The time taken from despatch to delivery.
- ❖ **UOM / Unit of Measure:** Defines how products are counted (each, carton, pallet) and stored. A product can have multiple UOM's defined.
- ❖ **Ullage:** Sometimes called Shrinkage or stock loss, the difference between the recorded inventory in stock records and the actual physical amount of stock on hand. All of our KPI's have an acceptable Ullage percentage that is calculated as part of operating a warehouse.
- ❖ **VAS / Value Added Services:** Additional services outside of inwards and picking and packing. Tasks like labelling, sorting, kitting, checks, repackaging are considered VAS.
- ❖ **Void Fill:** A type of packaging that is added into cartons or satchels to take up space and protect products.
- ❖ **Volumetric Weight:** a measurement used by shipping companies to determine the space a package occupies, calculated by its Length x Width x Height, divided by a carrier-specific factor. It accounts for bulky, lightweight items that take up valuable truck/plane space, and carriers charge based on whichever is greater: the actual weight or the volumetric weight
- ❖ **Wave picking:** Grouping orders together and picking them together so that picking can be streamlined by reducing walk times. Different types of waves exist
  - **Pick to tote:** a wave is created and as it is picked the products are scanned to a tote that is assigned to an order. Effectively splitting the wave to orders as its picked
  - **Pick and split:** The wave is picked in bulk, then dropped to a central packing station where the individual orders are split out.
- ❖ **WMS / Warehouse Management System:** The system used to control warehouse functionality including picking, packing, receiving and storing goods. We use Cartoncloud which we integrate with your storefront, IMS, OMS or ERP to receive data.