

SAFA Entrepreneurial Lesson

Shipping from manufacturer to a central location

You have your bulk order ready, now you need to consider shipping

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Once your manufacturer completes a batch of orders, the products are ready to be shipped to you. Some common places that manufacturers are instructed to ship their orders is a distribution center, or another centralized location such as a building you own.

A centralized location and distribution centers are examples of storage facilities. Storage facilities are an important part in being organized, and are crucial for when your company takes off. If you have a large demand for your products, then you also need to respond with a huge supply, and you need a place to store all these products.

How to ship your bulk orders

These are some common ways that manufacturers ship their bulk orders to the address you chose.

1. Sea freight (mostly will only be used for international manufacturers).
2. Plane (This option is quite expensive and can be used for both international and domestic manufacturers).
3. Trucking (This is also another expensive option, and is mostly only used for domestic orders).

As an entrepreneur, it is up to you to decide the best shipping option. You need to know when you should sacrifice profits for shipping speed and reliability, and vice-versa.

Activity Time!

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In your entrepreneur journal, write down which transportation method you will use to ship your orders and also provide a reason why you chose this.

Shipping Agents

A shipping agent is a valuable asset to have when a startup company works with manufacturers. They help ensure that the shipping process runs smoothly, and help with things like customs clearance as well as keeping you updated on the progress of your order.

For large orders, it is smart to hire a shipping agent. This is because you don't want to risk errors occurring in the shipping process which can cause you to lose profits. When you have a large order, a small decrease in profit margins will add up and lose you a lot of potential money. But sometimes, it is not worth the cost to hire a shipping agent, especially for smaller orders.

Customs Clearance

You will not run into customs processes for domestic orders. But, once you work with an overseas manufacturer, you need to consider customs clearance. This is a necessary procedure which takes place before goods can be imported or exported internationally. It is essential that this process runs smoothly, or else severe delays can occur in the shipment of your order. As an entrepreneur, you do NOT want delays to occur which can be avoided. One way to avoid such delays is to employ a shipping agent.

Activity Time!

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In your entrepreneur journal, write down whether or not you will have a shipping agent (It is recommended that you do). Then, write down the reason about why or why not you have a shipping agent.