

Understanding Drop Shipping

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This guide explains drop shipping and how you can use it on an order. It is intended for advanced users.


aACE supports drop shipping (sometimes called "non-receiving purchase orders"). This method involves sending the vendor a purchase order that includes the end-customer's shipping information. The vendor then ships the item directly to the customer and typically sends the invoice to you. In effect, your organization handles the purchase for the customer.

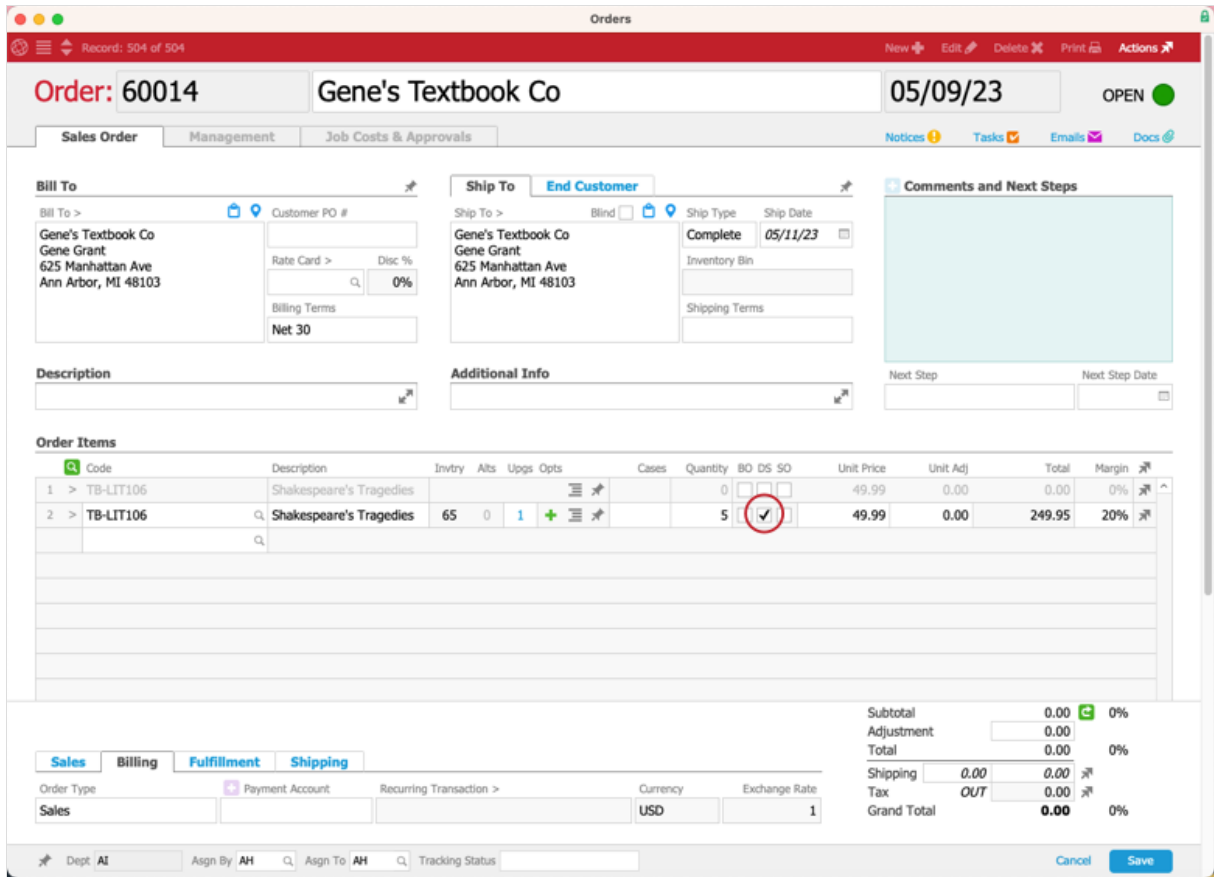
This method can be useful when an item is more easily or cost-effectively shipped directly from the supplier to your customer. For an example of how this feature can help your team, read our [feature highlight](https://www.aacesoft.com/resources/drop-shipping-and-special-orders-made-easy-with-aace) (https://www.aacesoft.com/resources/drop-shipping-and-special-orders-made-easy-with-aace).

Flagging Order Items for Drop Shipping

While an order is in Pending status, you can easily mark the flag to have individual items be drop shipped.

Once an order moves to Open status, aACE inventory processes run. This makes it so you can no longer directly apply drop shipping to an item. You must use the following process to apply drop shipping on an order in Open status:

1. From the order record's detail view, click **Edit**.
2. In the Order Items list, locate the desired LIC, then click the item-level **Actions** () > **Delete Order Item**.
The line for that item changes to gray.
3. Manually add the needed LIC to the order again.
Note: You can also click the gray LIC's item-level **Actions** > **Duplicate Item**.
4. Enter the desired quantity for the new item and mark the **DS** flag.



5. Click Save.

Effects of Marking the Drop Shipping Flag

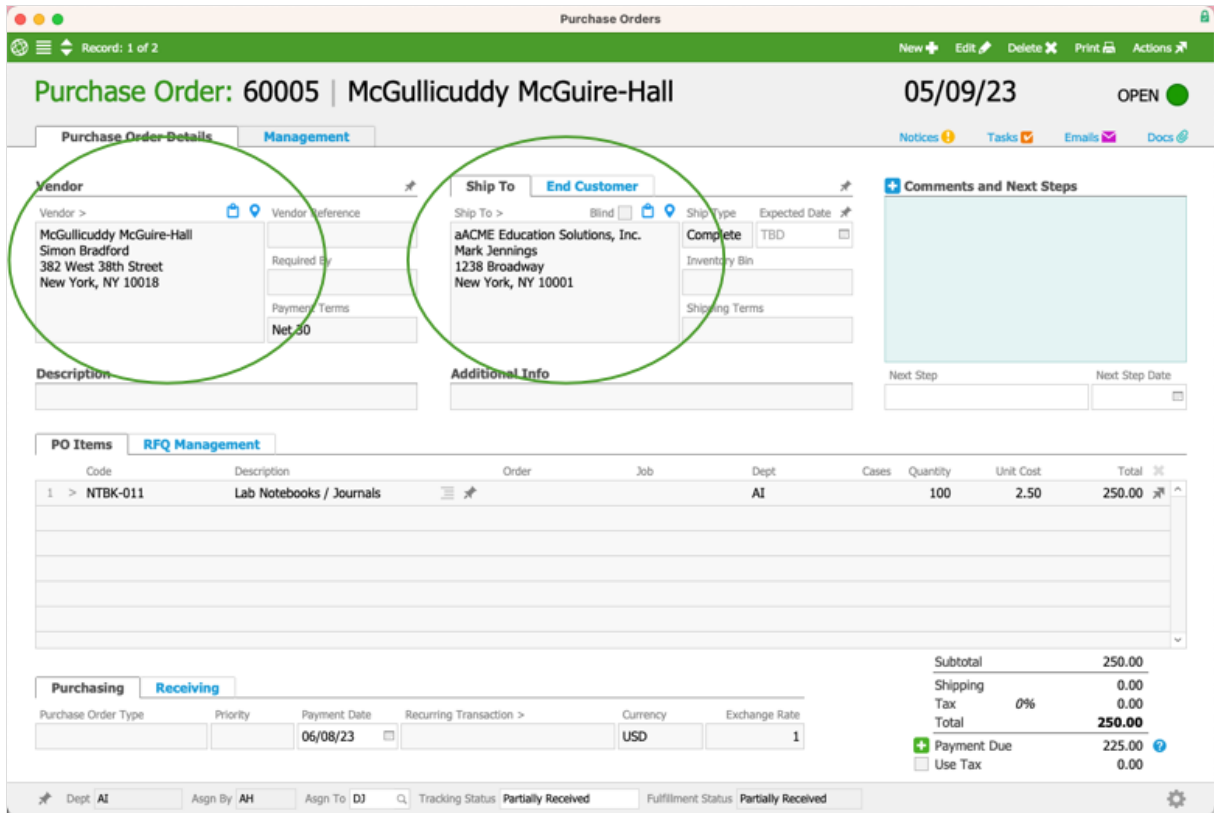
When you mark an ordered item as drop shipped, it has the following effects:

- Excludes the item from aACE inventory integration. aACE treats the item for that order as *non-inventoried*.
- When you open the order, aACE auto-generates a purchase order (PO) for the item. You can review the PO on the order's Management tab > Procurement tab.
- Opening the drop-shipped item's purchase record triggers other automated processes (e.g. generating the invoice).
- Entering the vendor invoice on the purchase record is regarded as a shipping event. Note: You can drag digital copies of an invoice to the invoice paperclip (📎) icon to easily attach a file.

Tracking Drop Shipped Items

aACE modules include various screens to help you track drop-shipped items:

- On the order, click the Management tab > Procurement tab. The Purchase Orders section shows the auto-generated record for the drop-shipped items.
- On the PO's detail view, you can review the two destinations. When your staff emails the PO, it will be sent to the Vendor address. When the vendor ships the item, it will be sent to the customer's Ship To address.



Additional Preferences for Drop Shipping

System administrators can configure preferences for the drop-shipping workflow. These preferences can be applied both system-wide and customer-specific.

System-Wide Preferences

Navigate from Main Menu > Internal > Management Preferences:

- Billing tab:
 - **Auto-generate invoices for drop shipment purchases** – When a vendor invoice is recorded on the purchase, an invoice for the drop-shipped product is created automatically.
 - **Leave auto-generated invoices pending** – This enables aACE to automatically update invoices as complex orders are gradually completed.
- Shipping tab:

- **Manage receiving for drop shipments** — Activates receiving functionality even for items that are marked for drop shipping.
This setting allows you to create shipment records to capture additional information, such as special containers, insurance papers, serial numbers, paying shipping costs for a client, and more.
Note: Even with this flag marked, the drop-shipped item is still *excluded* from inventory processes.
- **Drop ship products to customers by default** — Marks the DS flag automatically for *all* order items. Team members can clear the flag manually, as needed.

Customer-Specific Preferences

Navigate from Main Menu > CRM & Sales > Companies > Company record detail view > Vendor Details tab:

- **Drop ship only** — Requires drop shipping on all order items handled by this specific vendor.
This setting is typically used when the vendor's policies only allow drop shipping or when slim margins make it more cost effective to *not* receive the item at your facilities.
 - **Drop shipping not allowed** — Prevents *any* drop shipping from this specific vendor.
After this flag is marked, aACE displays a notification when users try to mark the vendor's products for drop shipping. This setting is useful if you need to reduce vendor interactions with your customers.
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