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Reverse Logistics magazine



**Managing Returns
for Increased
Reverse Logistics
Profits**
Page 20

March/April 2008

OFFICIAL MAGAZINE OF THE
REVERSE LOGISTICS
ASSOCIATION™



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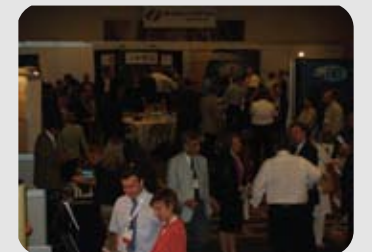
Reverse Logistics Association is offering three full days of RL immersion starting with RL Workshops and Focus Committee Discussions followed by two days of sessions and exhibition.

Workshops are offered on Monday, June 16 on a variety of topics including Successful Outsourcing—RFQs, Contracts and SOW and Managing Reverse Logistics To Improve Performance.

The Reverse Logistics Association Conference & Expo kicks off on Tuesday with a Keynote address followed by sessions presented by RL professionals, leading academics and also includes panel discussions.

Session topics include "field service, returns management authorization, repair and help desk/call centers. A wide range of Reverse Logistics companies will be in attendance from repair/refurbishing to recycling/e-waste and transportation logistics.

Be sure to visit the Exhibition Hall where ODMs and OEMs will be looking for Third Party Service Providers (3PSPs) that can manage Reverse Logistics in Europe, along with identifying solutions for Asia and the Americas. There will be many exhibitors showcasing their Reverse Logistics services and solutions. This is a rich opportunity for OEMs and Branded companies to identify future service partners. For more information, visit: www.rltshows.com.



If you are a Reverse Logistics professional – don't miss this event!



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Managing Returns for Increased Reverse Logistics Profits

by *Hernan Vera, Ryder*

In the highly competitive electronics market, a great deal of attention is paid to the process of moving products out the door and into the hands of the buyer – quickly. This makes a lot of sense; of course, as the window of profitability on a new product shrinks significantly the longer the product is on the market. Increasingly, however, savvy electronics companies are recognizing that the aftermarket can no longer be an afterthought, for reasons ranging from revenue potential to regulatory. It's there – where a product needs to be brought in from the field for repair or replacement – that reverse logistics takes its rightful place as a strategic part of the supply chain.

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Reverse Logistics: Strengthening the Forgotten Supply Chain

by *Bernie Hart, JPMorgan*

As business practices and globalization continue to evolve, enterprises strive to expand the boundaries of integration to drive business value. One way to achieve this is by deploying reverse logistics strategies. These every day activities can have a profound impact on the bottom line. However in order to capture this value, there are unique barriers to integration that must be overcome.



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Service Challenges in EMEA

by *Mark Walker, The Service Business*

The term “EMEA” has been used for many years and has established itself within many job titles. However, over the last few years the responsibilities for the typical EMEA service director have increased substantially. Until recently, EMEA used to euphemistically refer to a handful of developed countries in Europe. The service model was consistent, the network stable and the issues fairly well understood.



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Integrating Reverse Logistics with Wireless Technology

by *Joe Caston, Cadre Technologies*

In today's competitive marketplace, it's not enough to simply offer reverse logistics as a value-add to already existing warehouse services. In fact, one of the most significant mistakes a company can make with regards to reverse logistics is to consider the process only as an afterthought, or assume that if the right components are in place, the desired result will “magically” happen. Nothing could be farther from the truth, but a balanced relationship between technology and forethought can propel any company offering reverse logistics to the top of its industry.



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Packaging: Is It the Missing Link in Your Logistics Chain?

by *Diane Gibson, Craters & Freighters*

It is true that almost anyone can package an item using a cardboard box, some bubble wrap, and a roll of tape, but is that enough when items are heavy, valuable, oversized and awkward. The right packaging is often hit-or-miss or even nonexistent in a company's supply chain, escalating the chances of damage, security breaches, lost privacy and theft opportunities. With a few tips and the right logistics partner, packaging should no longer be the missing link when your leases expire, equipment breaks down or your data center consolidates.

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Reverse Logistics Magazine welcomes articles and abstracts. Please send to: editor@RLmagazine.com



Complete the RLA Survey for a chance to win great prizes including an iPod Nano and a Digital Camera. This short survey will help us learn more about your RL processes, so that we may serve you better. Go to the RLA homepage at www.ReverseLogisticsAssociation.org and click the RLA Survey link

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Articles



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Recalls—When the Worst Happens, Part II

by *Hannah Kain, ALOM* and *Gailen Vick, Reverse Logistics Association*
If not handled properly, recalls can be extremely detrimental to both external and internal brand perception. In the January/February 2008 issue of RL Magazine, the first article in this two-part series covered recall prevention and preparedness, as well as customer impact. This issue's article outlines operational response options, communication strategies, long-term brand impact, and the costs associated with various recall options.

Features

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To Our Readers

A Letter from the Editor

When thinking of reverse logistics, we often think of major corporations like Boeing replacing aircraft parts or Hewlett-Packard harvesting printer parts for repair or recycling products no longer salvageable. However, RL truly has an impact on the average person.

A close friend teaches kindergarten at our neighborhood elementary school. Due to budget cuts, she spends hundreds of dollars out of pocket to purchase necessary supplies for her students and classroom. Thank goodness for organizations such as Resource Area for Teaching (RAFT) in San Jose, California, who collect usable items such as computers, office supplies, furniture, and manufacturing by-products from personal and business donors and provide to teachers at very low cost. This is reverse logistics.

Another example is RL Magazine designer, Holly Reed. Holly is a young mother of Robbie and recently

told me about Freecycle.com. This is a nationwide organization of people who join regional internet groups to post available items to exchange as well as items they need. All items are free and the receiver need only drive by and pick up the item. It's all about reuse and keeping usable items out of landfills. Having a fast growing toddler, Holly is able to exchange baby clothes, toys, and other items with other mothers in her local community.

Swaptree.com is a similar site for exchanges. It allows members to "swap" books, CDs, DVDs and games. This also is reverse logistics.

These are two "personal RL" sites; perhaps you use or know of other sites for "commercial RL" that we can share with readers. Send me an email; I'd love to hear about more opportunities for reverse logistics.



Robbie with his favorite toy - a recycled Little Tikes van circa 1985.

Reverse Logistics Association Mission

Our mission is to educate and inform Reverse Logistics professionals around the world. RLA focuses on all industries in the reverse logistics process. No matter what industry, High Tech, Automotive, Medical/Pharmaceutical, Publishing, Apparel, or Consumer, our goal is to provide RL process knowledge to all industries. We want to educate everyone about the Reverse Logistics Processes that are common to all industries. We have been and will continue to provide our services at a moderate price to our members.

Managing the latest information in repair, customer service, parts management, end-of-life manufacturing, service logistics, field service, returns processing and order fulfillment (just to name a few) can be a little intimidating, to say the least. Yet, that is exactly what the Reverse Logistics Association provides with our membership services. We serve manufacturers and retailers in a variety of settings while offering ongoing updates on market trends, mergers and acquisitions and potential outsourcing opportunities to 3PSPs. We have

gained the attention of 3PLs like FedEx, DHL, USPS and UPS. 3PSPs like Teleplan, Foxconn, Solectron, Canon, Sony and Jabil, along with small service providers have found that the RLA resources help advertise their services. OEMs like Microsoft, HP, Palm, and Sony, along with Retailers like Wal-Mart, Canadian Tire, Tesco and Best Buy all participate at our events. Our online RL Magazine and Weekly News Clippings help OEM, Branded and Retail companies find service partners that were unknown to them.



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Message from President and Founder of RLA

What a time we had in Las Vegas at our 5th Annual RLA Conference & Expo!

On Sunday, I don't think there was one moment during the football party that some group wasn't yelling for their team. The whole afternoon was tremendous. Everyone was on their feet! And the game was projected on video screens any direction you looked. Planet Hollywood really helped us have a great party! There was food and drink everywhere. And of course the company was great! It was fun to see all the excitement.

Then on Monday all that participated in the Golf tournament came back winners, other than having to purchase sock-hats to stay warm! We raised \$4,000 for "Gifts in Kind international." What a good cause—their mission as a 501(c)(3) organization, is to link donor resources to enhance, empower, and restore communities and people in need. Thanks to everyone for helping us make this successful.

For the Conference and Expo:

- 7 Workshop sessions with the most knowledgeable presenters on RL
- Industry Committee reports on real life issues
- Exhibit hall full of clients and exhibitors
- Presentations, case studies and panel discussion that really went beyond the basics. They were current and filled with leading edge issues.

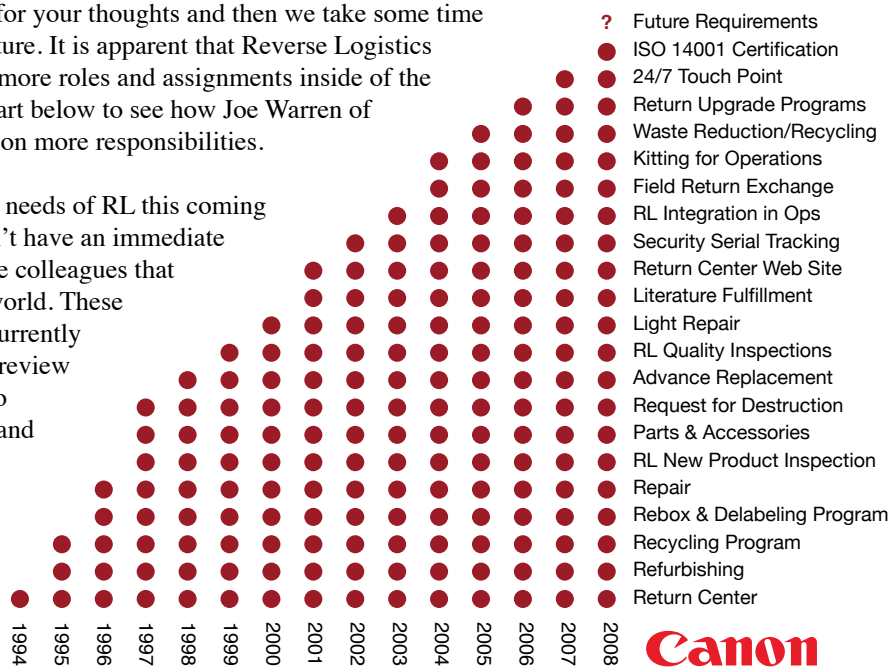
And to top all that, our RLA Sales team tells me that they have already sold 60% of the booth space for 2009!!!

What an unbelievable party Flextronics threw for everyone on Tuesday night. There was enough food to feed an army. Can you believe that Paul Bruce (VP Global Services, Flextronics) was hiding out with the band? I couldn't get over the bands that rocked us all night long!

So, after each of our events, we sit down as a RLA team and ask if we are on track with our mission and what else should we be doing, what should we do to improve? We ask for input from our Advisory Board, we survey each of you for your thoughts and then we take some time to think about what to do better in the future. It is apparent that Reverse Logistics Professionals are being asked to take on more roles and assignments inside of the reverse supply chain. Just look at the chart below to see how Joe Warren of Canon has been tasked each year to take on more responsibilities.

How will you keep up with the changing needs of RL this coming year? Where will you turn when you don't have an immediate answer? We hope that you will turn to the colleagues that you meet at our events held around the world. These professionals are the only ones that are currently on the front lines of RL issues with peer review debate. We hope that you will continue to support RLA through your participation and by becoming a member of the Reverse Logistics Association.

Gailen Vick
President.
ReverseLogisticsAssociation.org
RLAShows.com



Board of Advisors

A Board of Advisors comprised of industry experts has been set up to monitor and assist the Reverse Logistics Association management team in making informed decisions. Advisors include:



John Benardino – Hewlett-Packard Company
John Benardino is currently a Director of Reverse Logistics for HP's Imaging and Printing Group. In his position, John is responsible for credit issuance, engineering, remanufacturing, and all return related costs. His product responsibilities cover printing, digital imaging, supplies, scanners, and shared printing.



Dan Gilbert— Cisco Systems
Dan Gilbert is Vice President of Worldwide Reverse Logistics at Cisco Systems, Inc. His charter when joining Cisco in 2005 was to define and create a world-class reverse logistics organization. Dan's global team is responsible for driving excellence in product recovery, receiving, inventory, and recycling operations, and for transforming returned product into value for Cisco shareholders.



Jose Garcia— Microsoft Corporation
Jose Garcia is Director – Repair and Refurbishing at Microsoft Corporation.

Jose joined Microsoft 4 years ago to establish World Wide Repair of X-box console from the ground up. Building a world class team, he integrated systems, processes and partnerships with expert service partners.



Charles Johnston – WAL-MART Stores, Inc.
Charles Johnston is

General Manager at the Bentonville Return Center, WAL-MART Stores, Inc. Chuck has been with WAL-MART for the past 13 years and his responsibilities include Returns, Imports, Exports, Tires and Printing and Mailing Distribution.



Steve Jones – FedEx Corporation
Managing Director Supply Chain Services & Reverse Logistics. He is a

22-year veteran of the transportation industry, with extensive experience in sales and sales management of transportation and logistics services to corporate accounts. Steve was selected to lead the Supply Chain Services and Reverse Logistics sales organization with responsibility for new business development, base business growth and supply chain integration across all the FedEx operating companies.



Hartmut Liebel— Jabil Global Services
Hartmut Liebel was named President, Jabil Global Services

(JGS), in October 2004. He joined Jabil as Executive Vice President in July 2002 and was named Chief Operating Officer in October 2003.



Larry Maye – Palm Global
Larry Maye is currently serving as the Sr. Director of Palm Global Reverse

Logistics. In this capacity he is responsible for the global repair and logistics for Palm to include repair operations, customer service fulfillment, vendor

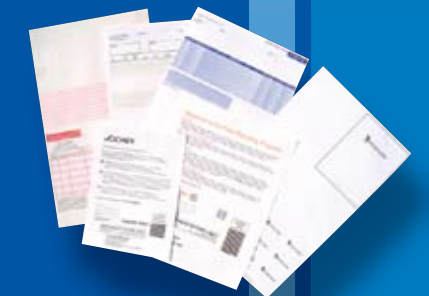
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Board of Advisors, Continued

management, returns processing and global strategy.



Dale Rogers is the Director of the Center for Logistics Management and a Professor of

Supply Chain Management at the University of Nevada. Dr. Rogers is a frequent speaker, a consultant to several leading firms, has been published in several logistics journals and has published several books on logistics and reverse logistics. His current research interests are focused on the following: reverse logistics and returns, supply chain technologies, e-business supply chain management, and supply chain management.



Howard Rosenberg – eBay, Inc.

Howard has been with eBay for over 4 years and runs

the Company's Trading Platforms business serving companies interested in maximizing their recovery rates on excess and refurbished inventory through the Reseller Marketplace or through their own, private-label auction marketplaces. He has 14 years of experience in various capacities, including operating, advising and investing in, companies in the consumer product, consumer services and business services sectors.



Doug Schmitt

serves as VP of Dell's Global Field Delivery organization with international

responsibility for global break/fix field engineers, same day service delivery, spare parts depots, parts planning, service logistics, repair, reverse logistics and Dell's global command centers. In addition to Doug's role as VP Global Field Delivery he has responsibility for Americas Support Services. Previously, Doug held executive and senior management positions in service and finance at Dell, Inc.

Doug came to Dell in 1997 from Sequent Computer Systems where he held various senior level finance positions. Before Sequent, Doug worked in the banking sector.



Tony Sciarrotta – Philips Consumer Electronics

Tony is Director of Returns Management

at Philips Consumer Electronics North America. In this position, Tony leads returns reduction and entitlement initiatives for mainstream consumer electronics, and is also currently concerned with further driving the implementation of electronic registration for Philips products at leading retailers. Working with Philips Sales, Service, Marketing, and the Philips Business Excellence Group, Tony is helping drive several teams to improve the consumer experience and subsequently reduce the high rates of products returned with no defect found.

Complete biographies of Advisory Board Members are available from the RLA site at www.reverselogisticstrends.com/company_advisory.php.



Reverse Logistics Association Focus & Industry Committees

Focus Sub-Committees were set up to provide a standing forum for Reverse Logistics Professionals to meet on a regional and global basis and discuss common Reverse Logistics issues at the RLTS Conferences & Expos. Focus Sub-Committees educate the industry on reverse logistics:

- "Best Practices"
- Consumer Satisfaction Issues
- Regulations on a Worldwide & Regional Basis
- Processes that can reduce costs

Industries we currently monitor are:

High Technology Wireless/Telecommunications

Chairperson – Larry Maye, Palm
Advisor – Gailen Vick, RLA

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- John Coffield, GENCO
- Bob Sullivan, The Wireless Source
- Al Mahesh, TOPP Service Solutions
- Joseph Tarantino, Sprint Nextel
- Bill Kenney, OnProcess Technology
- Bryant Underwood, Foxconn

Notebook/PC Consumer Electronics Imaging Printers

Data Storage
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- Steve Maglior, Quantum

- Gary Gear, Toshiba
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- Len Wierzbicki, Black & Decker
- Matt Fouts, Iomega

Committee Members:

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- Norman McEachron, Consultant
- Larry Chalfan, Zero Waste Alliance
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- Tim Andreae, MCA Solutions
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- Matthew Cutone, Horizon Technology
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- Oliver Hedgepath, University of Alaska
- Stacie Perez, HJ Heinz
- Lori Kleinschmit, ConAgra Foods
- Sharon Joyner-Payne, Carolina Logistics

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- Randy Collins, Thompson Consumer Electronics, Inc.
- Edward Ross, Home Depot
- Randy Whitehead, National Service Alliance

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Corporate Social Responsibility

Chairperson - John Mehrmann, Data Exchange Corporation (DEX)

Advisor - Jeremy Vick, Reverse Logistics Association

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Chairperson – Sanjeev Kakar, RT Outsourcing Service Limited

China Chapter

Chairperson - Haozhe Chen Ph.D., East Carolina University

Advisor/Secretary - Jeremy Vick, Reverse Logistics Association

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- Meiping Liu, Bostar Consulting Ltd., China
- Yu Tian, Ph.D., Sun Yat-Sen University

Automotive Publishing Aerospace



Reverse Logistics: Strengthening the Forgotten Supply Chain

by Bernie Hart

As business practices and globalization continue to evolve, enterprises strive to expand the boundaries of integration to drive business value. One way to achieve this is by deploying reverse logistics strategies. These every day activities can have a profound impact on the bottom line. However in order to capture this value, there are unique barriers to integration that must be overcome.

What is Reverse Logistics?

Reverse logistics is the supply chain that flows opposite to the traditional process of order, fulfillment and customer delivery. It is the combined processes of planning, implementing, and controlling the flow of raw materials, in-process inventory, finished goods, and related information from the point of *consumption* to the point of *origin*. Reverse logistics activities include customer returns, disposal of excess inventory, and the return of obsolete inventory. Also known as the aftermarket service and supply chain, reverse logistics is critical to organizational output. The

ability to control these processes for the purpose of recapturing value or proper disposal of scrap in an efficient and cost-effective manner can yield quantifiable savings for manufacturing entities.

Reverse logistics is a very complex process; it is *not* supply chain backwards. Material flow characteristics, supply and demand dynamics, and technology considerations are fundamentally different than what their forward logistics counterparts address. For example:

- Irregular material flow: Return processing is highly dynamic and inconsistent. Factors such as product variations and conditions, processing requirements, warranty and extended warranty provisions dictate the workflow steps to which a given return is subject. There is no single supply chain flow; the reverse logistics path can be very complicated.
- Multi-condition inventory: Supply chain management systems are not designed to manage inventory in various condition states, such

as repaired, remanufactured, defective, damaged or obsolete. These conditions are critical factors in reverse logistics processes; often reverse logistics consignments are small volume/high value shipments of goods which are often key components to a network, hence express delivery is often needed.

Additionally customs scrutiny is much more acute when screening remanufactured and defective units; inventory forecasting, planning and financial management specific to valuation are also crucial factors.

To describe reverse logistics in action, consider a telecommunications carrier. Many carriers provide their customers an “advance exchange service” where an equivalent functional unit is delivered to the user *before* the defective unit is returned. The carrier may source the replacement from a 3PL that is managed by the original equipment manufacturer (OEM). Instead of returning the defective unit to the 3PL and then the OEM, the defective unit is routed directly to a repair center for disposition. Integrated reverse logistics

in this context enables the remote management of the reverse supply chain.

Reverse Logistics Challenges

Typically, reverse supply chains have little automation, and are characterized by unknowns and poorly managed assets that sit in warehouses, where losses are typically accepted or absorbed. It is estimated that managing ‘return and repair’ processes alone contribute to at least 10% of overall supply chain costs. Ineffective reverse supply chain processes compound this cost and can reduce an organization’s profit by approximately 30%. An opportunity of this magnitude has driven many companies to find new ways to optimize reverse logistics practices and to streamline operations and drive profits.

The pursuit of profit and competitive advantage drive ever-evolving reverse logistic models. Companies today have shifted their reverse logistics operations to business models that

require the coordination of multiple tiers of administration and logistics operations with outsourced partners such as OEM, contract repair centers, 4PL networks etc. If an enterprise lacks an integrated reverse logistics process before outsourcing, an extended enterprise business model will add complexity to an already challenging business environment.

Leveraging the Power of Reverse Logistics

The key to successful reverse logistics is the ability to integrate business proposal development, international trade compliance, project management, contract administration and product management into daily operations across the enterprise. This can only be achieved through intelligent, dynamic decision-making. To optimize performance, reverse logistics functions must operate in a manner

that is both tactical and operational. Tactical plans and schedules reverse the supply chain in order to meet supply and demand. The operational team executes plans in the context of dynamic and changing business

It is estimated that managing ‘return and repair’ processes alone contribute to at least 10% of overall supply chain costs. Ineffective reverse supply chain processes compound this cost and can reduce an organization’s profit by approximately 30%.

environments including frequent technology updates, outsourcing of manufacturing or the change of

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OEM suppliers, international trade restrictions, foreign exchange controls, etc. Tactical and operational level decision-making functions are by nature distributed across reverse supply chains. As a result, these functions must be optimized both locally and across the extended enterprise.

The challenge is for corporate entities to overcome management and execution barriers as they apply to the value that integrated reverse logistics delivers. First, bring reverse logistics to the boardroom. The lack of recognition for the strategic importance of reverse logistics and the cross-functional nature of reverse logistics processes spans multiple organizations within an enterprise. Executive leadership is fundamental to the alignment of people, process, technology and financials that hinder the path to integration. Secondly, execute flawlessly at each point in the

- inability to export defective goods due to customs regulations requirements for additional export licenses
- levy of additional duties and taxes on definite restrictions regarding the remittance of foreign exchange related to exports:
 - only permit Temporary Exports for repair and return
 - typically impose time limitation for the repair cycle
 - requirement to track serial numbers through the repair process
 - no allowance for warranty provisions
 - require proof of prior import

To build an integrated reverse logistics enterprise it is essential that you understand your customers and their markets. You need to:

- Involve your customer in the strategy planning for repairs and returns
- Understand constraints

Reverse Logistics is not new, the complexities associated with international business, manufacturer outsourcing, and remote logistics management have added cost and time to efficient execution.

process. The ability to execute well across the reverse logistics lifecycle is the foundation for achieving integrated reverse logistics. Those that are successful understand that the dynamics of reverse logistics integration requires a new approach to execution that:

- Involves the enterprise as a whole (sales & marketing, finance, project management supply chain operations, contract administrations, customer service etc.)
- Addresses the complexities of today's supply chain environments
- Understands the limitations imposed by cross-border transactions, such as:

- imposed by customs in your customer market
- Provide inventory to facilitate efficient replenishment
- Identify the true costs associated with the import of replacement inventory
 - Determine if re-manufactured inventory is permitted
 - Evaluate complexities surrounding export permits
 - Assure that defective or obsolete inventory may be recovered i.e. export of inventory to destinations other than initial origin
 - Investigate if international warranty provisions are honored by local authority
 - Determine if "like for like"

- operations are permissible
- Understand quality certification requirements imposed by local authority
- Clarify if duty reimbursement is possible for DOA (dead on arrivals) and if it is subject to limitations

While the business of Reverse Logistics is not new, the complexities associated with international business, manufacturer outsourcing, and remote logistics management have added cost and time to efficient execution. Leading companies are finding ways through the use of technology, process improvements, and an understanding of the restrictions imposed by foreign customs to continuously expand the boundary of integration. Understanding and provisioning for these factors will assure customer satisfaction and directly impact the bottom line. RLM



About the Author: As the Global Product Executive for the Logistics product suite with the Global Trade Services group at JPMorgan, Bernie Hart leads a business of 650+ employees

that delivers end-to-end global risk management and operational solutions that drive cost savings, increase efficiency and provide best-in-class compliance across physical and financial supply chains. Prior to its acquisition by JPMorgan, Bernie Hart joined Vastera in October 1999 and created the company's Managed Services business model which enables manufacturers to outsource all or portions of their international trade and supply chain operations. From 1985 to 1999, Mr. Hart held various management positions at IBM, focused on International Trade. As the Senior Manager of IBM's North American Distribution Systems, Mr. Hart was responsible for the development and maintenance of international logistics applications with more than two thousand users worldwide in support of the movement of \$20 billion of goods annually.

Read the Press

Full articles available from:
RLA News Center

Taking on the E-Waste Problem

Ongoing growth in volumes and disposal rates of electronic waste and scrap pose consumers, governments and industry with a growing threat to environmental health and safety. In its 2002 report "Exporting Harm," the Seattle arm of the Basel Action Network revealed that about 80 percent of electronic waste brought to recyclers in the US is in fact not recycled here but exported to Asia, most likely China, where "it is melted down in primitive, environmentally damaging conditions including the cooking and melting of computer circuit boards in vast quantity."

Five years on, governments, international organizations and IT industry leaders are now coming together to address what is a complex and intricate problem. In March, United Nations University, United Nations Environment Program, United Nations Conference on Trade and Development and a host of government agencies and leading electronics industry participants established the Solving the E-Waste Problem (StEP) program, a global private-public sector cooperative that aims to "help shape government policies worldwide and address issues related to redesign and product life expectancy, reuse and recycling, and help build relevant capacity in developing nations."

Mass Toy Recalls--a Manufacturers' Nightmare

Although this year's presents have long been opened, those who supply them have concerns that just won't go away. "In the run-up to

Christmas, there can't have been few more worrying issues for toy manufacturers than the prospect of having to recall an entire line, especially if it is one of their more popular brands," concludes an article on the Lloyd's web site (www.lloyds.com).

2007 will go down as the year of product recalls, after a record number of them took place. As a result Lloyd's notes that "leading industry participants" are reconsidering the potential impact of such an occurrence.

Dell, Jabil and UNR Join Reverse Logistics Association Board of Advisors

Reverse Logistics Association is pleased to announce the recent appointment of three new Advisory Board members.

- Mr. Hartmut Liebel is President of Jabil Global Services.
- Mr. Doug Schmitt is Vice President of Dell's Global Field Delivery organization.
- Dr. Dale Rogers is the Director of the Center for Logistics Management and a Professor of Supply Chain Management at the University of Nevada.



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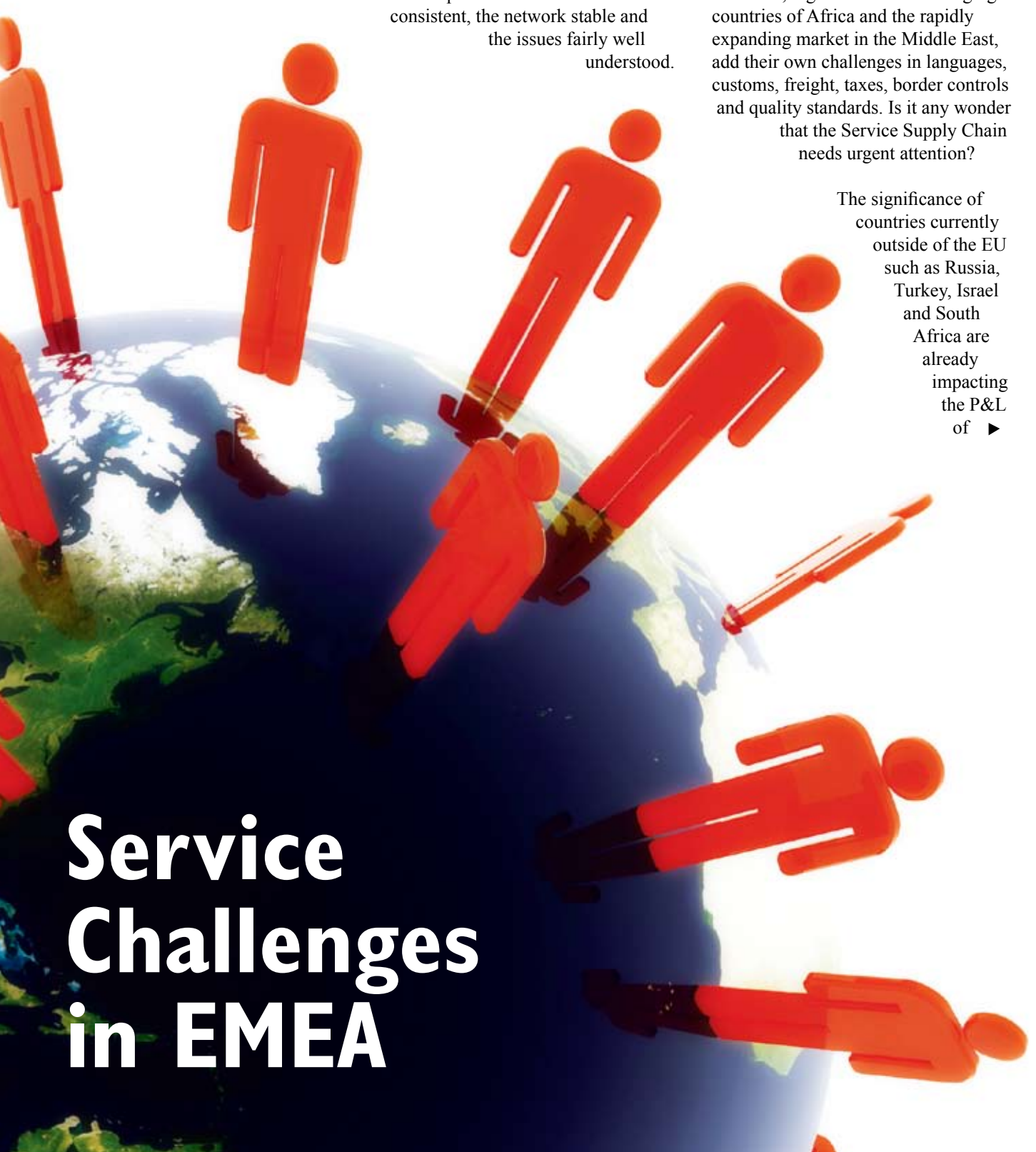
Is it any wonder that few companies really understand how to get the most from EMEA?

The term “EMEA” has been used for many years and has established itself within many job titles. However, over the last few years the responsibilities for the typical EMEA service director have increased substantially. Until recently, EMEA used to euphemistically refer to a handful of developed countries in Europe. The service model was consistent, the network stable and the issues fairly well understood.

Things have changed. The boundaries of the average installed base have become substantially broader and with it, the role of the Service Director has assumed new and diverse challenges. The Europe Union (EU) now comprises of 27 countries with a further 18 countries in Europe that are not part of the union. These accession countries, together with the emerging countries of Africa and the rapidly expanding market in the Middle East, add their own challenges in languages, customs, freight, taxes, border controls and quality standards. Is it any wonder that the Service Supply Chain needs urgent attention?

The significance of countries currently outside of the EU such as Russia, Turkey, Israel and South Africa are already impacting the P&L of ▶

Service Challenges in EMEA



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Continued from page 16

many service organisations and it is widely acknowledged that the percentage of the annual service budget provisioned to support these regions will increase. This growth can account for many of the new challenges surrounding logistics, inventory, repair as well as the overall service strategy.

Questions are being asked by European and EMEA service professionals about how their service organisations are meeting the new challenges. Such questions as: is my consolidated repair centre and single source logistics contract the optimal model? Are my forward stocking locations in The Netherlands and Czech Republic still providing a cost advantage? Do I have visibility of my material/product flow and a true understanding of the costs? Questions like these are becoming more frequent and the true optimal service model is more complex than ever to determine.

The value of a visible service supply chain has never been greater. Fortunately, availability of such a model is

A single logistics network throughout EMEA is a common approach, but does it provide a cost advantage as well as the flexibility? The key question to be asked is: Is it my service network that is being optimised, or that of my logistics provider?

becoming more accessible, but there are pitfalls. This simplest way is through consolidation of all activities with a single provider, but at what cost? A single logistics network throughout EMEA is a common approach, but does it provide a cost advantage as well as the flexibility? The key question to be asked is: Is it my service network that is being optimised, or that of my logistics provider?

Establishing a visible service supply chain with a true understanding of the total cost of service and in the right level of detail will greatly assist in developing a solution to these common issues. Designing this

Russia and Turkey add an additional population of over 212 Million people.

level of data capture and control points within the service model is critical to success but rarely achieved within the first few months of a ramping program. However, oftentimes it is never achieved at all—particularly in dynamic market conditions.

Regardless of whether the service is delivering an acceptable level of profit (we all target profit from our service business, right?) our ability to have an in-depth understanding of our service network will ensure we continue to stay ahead of the game and make proactive changes to our delivery model.

Introducing Russia and Turkey into the EMEA fold has added an additional population of over 212 Million people. Russia alone represents a geographic area 1.8 times larger than the US. Whilst the service demands in these regions are largely centralised to within major cities, the expectation from the general public, our customers, is fast catching up with the ever increasing expectations of consumers in the rest of Europe.

Whilst the changing face of Europe and EMEA presents considerable challenge, it also presents considerable opportunity for profitable business in new markets. Those that seize the opportunities now have the most to gain -providing they have the appropriate knowledge. The key to success is understanding local market conditions and designing “visible” solutions to meet customer commitments at a profit.

Sounds simple doesn't it? Well even for us we get presented with new challenges we haven't found the answer to yet - did I mention the border control issues in Africa and that there are over 2000 languages spoken there? ...maybe next time.

Please drop by our booth at the RLTS in Amsterdam and chat through your issues with us. We'll be happy to help.

RML



Mark Walker is General Manager, Service Support at The Service Business Ltd based in the UK. Prior to joining The Service Business, Mark was Director of European Business Management for the Aftermarket division of Celestica. Mark has practical experience in diversified markets including Eastern Europe and has advised leading global corporations and service providers. Mark is responsible for the design of end-to-end client solutions including logistics, repair, call centre, inventory finance, management controls and reporting. Please email Mark at mark.walker@theservicebusiness.com or call him on +44 774 775 8132.

The Service Business provides hands-on support for the Service Supply Chain in Europe and EMEA. We drive value through Service Parts Optimisation, Service Network Optimisation and support for People and Processes. www.theservicebusiness.com



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Managing Returns for Increased Reverse Logistics Profits

by Hernan Vera

In the highly competitive electronics market, a great deal of attention is paid to the process of moving products out the door and into the hands of the buyer – quickly. This makes a lot of sense; of course, as the window of profitability on a new product shrinks significantly the longer the product is on the market. Increasingly, however, savvy electronics companies are recognizing that the aftermarket can no longer be an afterthought, for reasons ranging from revenue potential to regulatory. It's there – where a product needs to be brought in from the field for repair or replacement – that reverse logistics takes its rightful place as a strategic part of the supply chain.

What's driving this need for best-in-class reverse logistics? In several segments of the electronics industry, higher expectations for reliability – manifested in the adoption of performance based-contracts where customers only pay the time they actually use a product is a growing factor. The ability to recover, repair and return to operations in a timeframe measured in hours or days instead of weeks, is a critical differentiator for electronics

manufacturers whose products are considered mission-critical for customers.

Marketers have long known that a critical moment in a customer relationship is when something goes wrong. How the manufacturer services the product plays a significant role in the likelihood that when the

Imagine an organization where product returns are not only processed, but information about those products is fed back into many functions within the organization.

next purchase needs to be made, the customer will buy again from the manufacturer who delivered a positive experience when a product wasn't ▶



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working. While difficult to measure, customer loyalty can be a compelling advantage in markets where product lifecycles are measured in months and the margins shrink at exponential rates.

Adding to the mix, environmental compliance has risen on the scale of contributors to the need for a well-planned and well-executed

reverse logistics strategy. The need to reclaim and dispose of hazardous materials in a responsible – and auditable – process, puts new pressure on logistics organizations to establish state-of-the-art operations for accepting and managing products that have reached the end of life.

Identifying the Problem

Managing returns starts with the answer to just one question: What's wrong with it? In retail, nearly 70 percent of products returned have absolutely nothing wrong with them. It's a metric that most manufacturers don't have to deal with,

Outsourcing Returns Management: Who Controls the Process?

Consumer and business technology manufacturers have long outsourced core pieces of their supply chain, including aftermarket support. Recognizing that the returns process is a critical link to customer satisfaction and brand loyalty requires that original equipment manufacturers hold their partners to the same high standards they'd hold if they were doing the work themselves.

While the partner may execute the process, the strategy and metrics for success need to be defined – and measured – by the brand owner. Ensuring that the outsourcing partner's own quality processes can support rigorous principles for excellence includes the evaluation of people, processes and technology before the contract is signed – and throughout the relationship. After all, a plan is only as good as the people who execute it.

Building the World-Class Reverse Logistics Process

The National Retail Federation estimates that companies lose hundreds of millions of dollars every year on returns and repairs, and many treat that as just part of doing business. The reality is that many products can be re-sold or repaired with minimal investment – provided that:

- The return is evaluated and routed for necessary action at the point of acceptance, e.g. same day return to the field, tear-down, reconfiguration.
- Inventory management systems are updated to reflect availability of the product in real-time for quick-turn back to the field.
- Training covers “if, then” scenarios so that employees can act quickly and efficiently to ensure that returns are processed swiftly and accurately.
- Processes and protocols are documented down to the SKU-level to deliver near-automated management, regardless of volume.

The Critical Junction Where Production Meets the Customer

Many companies only see three possible actions when a product is returned: resell, reclaim or recycle. But there should be many more. The returns stage provides a unique opportunity for manufacturers, who can design, build and execute a strategy that empowers the reverse logistics process to act as a listening ear to the customer.

Imagine an organization where product returns are not only processed, but information about those products is fed back into many functions within the organization.

Product development and design teams gain information about field failures, performance issues and more,



but it makes the point. Determining the scope of the problem sets the wheels in motion. The key is to have a system in place that diagnoses the problem quickly. Once the problem is defined, immediate action can be taken and opportunities captured.

Partners who work together to create a reliable team that takes responsibility for the plan – from the office to loading dock – ensure that everyone understands what's at stake and knows how they contribute to the success of the process.

fueling improvements and innovation grounded in real-world experience.

Call centers and sales offices know about re-shelved inventory in real-time so that viable products are put back into the market quickly. Finance and accounting have immediate visibility into shipped products for immediate invoicing. Customer service gets additional data about buyers' satisfaction and can take proactive measures in a timely fashion.

Demand information is available to warehouse operations for immediate

visibility into market need for a particular product – a critical factor in establishing the timeline and urgency for action.

It's a finely tuned environment, firmly rooted between production and the

For electronics OEMs, the ability to turn the returns process from simply a cost of doing business to a profit center may be the new Holy Grail.

customer, where information captured can fuel continuous improvement across the entire enterprise.

For electronics OEMs, the ability to turn the returns process from simply a cost of doing business to a profit

center may be the new Holy Grail. After years of improving operations performance through smarter sourcing, lean manufacturing, outsourcing and risk management, it appears that the supply chain is coming full circle. Leaders are looking as never before for ways to apply the lessons learned in other areas of the supply chain to reverse logistics. Those who succeed will find there are many opportunities in what was once considered the end of the road.



Hernan Vera is the Group Director of Marketing Supply Chain Solutions at Ryder. He can be reached at hvera@ryder.com.

RLA CONFERENCE & EXPO



RLA Conference & Expo Amsterdam 2008

Dorint Airport Hotel

June 16 - June 18, 2008

Join us for the Fifth Annual RLA Conference & Expo in EMEA. Companies from throughout Europe as well as many other international delegates will be in attendance. ODMs and OEMs will be looking for 3PSPs that can manage Reverse Logistics in Europe, along with identifying solutions for Asia and the Americas.

Third Party Service Providers (3PSPs) will be exhibiting their Reverse Logistics services and solutions at the Dorint Airport Hotel in Amsterdam. The focus of 3PSPs will be to help European OEMs and Branded companies become aware of RL support on a global basis. This is a rich opportunity for companies to identify future service partners. Here is an opportunity for 3PSPs to sit down face-to-face with the key outsourcing decision makers from the major OEMs and Branded Companies.

Pre-conference workshops will be held on Monday, June 16 with topics such as "Managing Reverse

Logistics To Improve Performance" and Successful Outsourcing - RFQs, Contracts and SOWs. Tuesday morning sessions start with Gailen Vick, RLA President, providing Industry Overview Size and Forecast followed by the keynote address. Speaker sessions will commence after lunch and continue throughout the day and also on Wednesday.

Listen to industry leaders and top academics as they share their ideas on such hot topics as returns and loss prevention, revenue opportunities within the reverse logistics process, outsourcing and regulatory requirements. See the conference schedule for a full listing of session topics.

A wide range of reverse logistics companies will be in attendance from recycling/e-waste to repair and transportation logistics. RLA Conference & Expo Amsterdam provides a great opportunity to network and share best practices. Don't miss it.

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| MONDAY - JUNE 16, 2008 | | | | |
|---------------------------|---|--|---|---|
| 9:00AM - 4:00PM | Pre-Conference Workshops | | | |
| | Track A | Track B | Track C | Track D |
| 1:00PM-3:00PM | Wireless Communications Industry Committee Meeting | Data Storage Industry Committee Meeting | Spare Parts Management Industry Committee Meeting | Information Technology Solutions Industry Committee Meeting |
| TUESDAY - JUNE 17, 2008 | | | | |
| 8:30AM | EXHIBIT HALL OPENS | | | |
| 10:30AM | RLA Conference & Expo Amsterdam Welcome Address Industry Overview, Size and Forecast Gailen Vick - President & CEO, Reverse Logistics Association | | | |
| 11:00AM | Industry Keynote Address | | | |
| 12:00-1:30PM | BUFFET LUNCH - EXHIBIT HALL | | | |
| | Track A | Track B | Track C | |
| 1:30PM | Reverse Supply Chain - The Challenges | After-Sales Service As The Driver For Continuous Business Improvement | Scenarios and Strategies in Retail Asset Protection and Recovery | |
| 2:30PM | Thinking Forward in Reverse Logistics | Added Value of Decision Support Systems for Strategy Design and 3rd Party Negotiations | Reverse Logistics: Extended Enterprise Perspectives | |
| 3:30-4:00PM | REFRESHMENT BREAK - EXHIBIT HALL | | | |
| 4:00PM | Panel Discussion: "WEEE & RoHS Impact on OEMs & 3PSPs" | Managing Reverse Logistics To Improve Performance | How Permanent Packaging Solutions Can Reduce Costs and Enhance RL Practices | |
| 5:00-7:00PM | Round Table Discussions (Hosted by Speakers) - Hors d'Oeuvres/Refreshments | | | |
| 6:45-9:00PM | Amsterdam Canal Dinner Cruise | | | |
| WEDNESDAY - JUNE 18, 2008 | | | | |
| 8:30AM | EXHIBIT HALL OPENS | | | |
| | Track A | Track B | Track C | |
| 9:00AM | Case Study: Implementing a Reverse Logistics Program | Optimising Reverse Logistics in a Globalised World | Sectorial Differences in the Reverse Logistics Market in Flanders | |
| 10:00AM | INTERMISSION - REFRESHMENTS - EXHIBIT HALL | | | |
| 11:00AM | Panel Discussion - New Ways to Streamline Operations, Drive Profits, and Delight Customers | Strategic Response To The WEEE Directive | Leveraging Your Reverse Logistics Operations For Competitive Edge and Advantage | |
| 12:00-1:30PM | BUFFET LUNCH - EXHIBIT HALL | | | |
| 1:30PM | Panel Discussion: Reverse Logistics Issues in the Retail Industry | Reverse Logistics - Extended Enterprise Perspectives | Who Cares About The Customer? | |
| 2:30PM | Panel Discussion: Methods of RL Outsourcing | Case Study: Kiala Reverse Logistics Model | Cradle to Cradle; Product Re-birth, The True Goal of Recycling | |
| 3:30PM | Closing Remarks: Gailen Vick, President & CEO, Reverse Logistics Trends, Inc. | | | |
| 4:00PM | LUCKY DRAWING for DVD RW, Portable DVD Players and iPods (you must be present during the drawing to win) | | | |



Largest Reverse Logistics Event Ever

The Reverse Logistics Association hosted the 5th Annual RLA Conference & Expo in Las Vegas on February 4-6, 2008. Attendance was at a record high of over 1,400 registered attendees but even more important was the number of companies represented—over 600.

Companies with interests as diverse as Procter & Gamble, Fujitsu, The Shopping Channel and Mattel were in attendance. Thanks to attendees, speakers and exhibitors, this was the largest ever worldwide event focused on reverse logistics! Activities actually began on Sunday with the private RLA Football Party. Guests enjoyed revelry, rivalry, great food and a great game. Over the next three days, OEMs, Retailers, 3PLs and 3PSPs had the opportunity to discuss RL issues, share ideas and leverage best practices. Monday provided a variety of activities:

- RL workshops on topics such as Progressive Dispositioning

Process, Service Parts Management Strategies and Using RL to Enhance Customer Service and Competitive Performance

- Industry Focus Committee meetings

- Opening of the Exhibit Hall
- RLA Charity Golf Tournament

Tuesday began with a Welcome Address by RLA President Gailen Vick and included presentation of a check to Delph Doyle, Donation Director of Gifts in Kind from proceeds of the Charity Golf Tournament. Micky Long of the Aberdeen Group

next provided an Industry Overview and look at RL Trends. The Keynote Address was presented by Joe Warren, Vice President and General Manager, Customer Support Operations, Canon USA.

Reverse Logistics statistics from Joe's presentation include:

"I want to draw your attention to the extremely professional and committed manner of the RLA staff. We were extremely impressed by their diligence in getting us in front of most of the VIPs we had targeted. That was not an easy task, given the large number of exhibitors and attendees. The key to success in service is keeping promises. You not only kept them, but exceed our expectations. The show was excellent and we look forward to exhibiting next year."

Jonathan Pine, President, Renova Technology -- Exhibitor LV 2008



RL professionals having some fun at the golf tournament.



Delph Doyle of Gifts in Kind receives donation check from RLA President Gailen Vick.



Micky Long of Aberdeen Group.



Joe Warren of Canon delivers the Keynote Address.



RL Best Practices in Recycling Discussion Panel.



Gailen introduces and thanks Paul Bruce of Flextronics.



The Wednesday Keynote was presented by Bernie Schaeffer of Motorola.



The Expo provides OEMs, ODMs and Retailers the opportunity to explore available service offerings of 3PSPs.



Annmarie Hoher of Canon and Joe Baldino of Teleplan were two of many Lucky Draw winners.

"I just want to thank you and your organization for the excellent way in which your conference was organized and for the quality of the speakers, and their respective presentations. I feel I have learned a lot and will be able to tackle some of the reverse logistics issues in my company with a lot more knowledge and experience behind me in the future."

William Jaworski, Traffic Manager-Canada, Thomas & Betts Ltd. -- Attendee LV 2008

- Accounts for Nearly 1% of Total US GDP (Aberdeen Group, 2007)
- Costs US Manufacturers & Retailers \$100 Billion Annually
- (Forbes, May 2007)
- Can Improve Profitability 3.8% (Industry Week, May 2007)
- Represents 3% - 4% of a Company's Total Logistics Costs (Minihan, 1998)

Five tracks of sessions and panel discussions filled the afternoon and focused on industry-specific issues such as Service Parts, Warranties, Retail Returns, Outsourcing, Online Marketplace Solutions and Going "Green." The Expo Hall was also open where manufacturers and retailers would find many solutions for their RL needs among the over 85 exhibitors participating. The day ended with a spectacular reception hosted by

Flextronics. Food, entertainment and networking were the order of business.

The Wednesday morning Keynote Address was provided by Bernie Schaeffer, Corporate Vice President, Global Repair & Reverse Logistics

Integrated Supply Chain, Motorola. Bernie talked about ... Additional sessions and panel discussions filled the remainder of the day right up to the closing remarks by Gailen Vick and the Lucky Draw. OnePak won prize for Best Use of the VIP Program and GENCO received award for Best Booth.



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Gailen Vick - President & CEO, Reverse Logistics Trends, Inc.



Scott Nathaus - National Transportation Manager, BCBGMAXAZRIA Group



L. Bryant Underwood - Director NA Service, Foxconn

Dale Rogers Ph.D., - Director of the Center for Logistics Management, University of Nevada



Paul T. Adamson - Director of Business Development, Round2 Technologies, Inc.



Russell (Rusty) W. Langford - Vice President of CRM Solutions, Harte-Hanks



Micky Long - Research Director, Aberdeen



Bitu Salimian - VP - CEO, VAS



Mike Shelor - President, Shelor Consulting Inc.



Joseph Warren - VP and General Manager, Customer Support Operations, Canon USA, Inc.



John Slothower - Manager, Innovations, Best Buy



John Rinehart - Manager RL Information Services, Intel Corporation



Christopher F. Fabian - Professional Service Solutions, LLC



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Suresh Sundarababu - Business Strategy Manager, Dell, Inc.



Pam Rapp - Strategy Manager, Walmart Stores, Inc.



William "Bill" J. Boyer - Assistant Vice President of U.S./ Mexico Transportation Sales, NYK Logistics Americas



Thomas St. John - President, AMCOR



Jack Debutts - Strategic Planning Manager, Dell



Ashley Kerman - Director Client Services, CLS Supply Chain Services



Dick Kluis - Vice President, Product Management - Service Network Solutions, Click Commerce



Jeremy Murchland - Head of Customer Service, Sony Ericsson Mobile Communications (USA)



Rod Berryhill, Sr Manager Global Supply Chain, Jupiter Networks



Chad Lockhart - Manager Services SCM, NCR



Alan Clarke - Sr Manager Service Operations, Kyocera, Panelist



Dan Barrett - Manager of Business Development, United States Postal Service



Matt Domachowski - Director Systems Business Development, GENCO



Paul Snyder - Reverse Logistics Program Manager, Microsoft



Michael Blumberg - President, Blumberg Advisory Group



Jesse Larose - Recycling & Waste Management, The Home Depot



Ermias Hailu - Strategic Sourcing, The Home Depot



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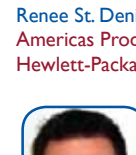
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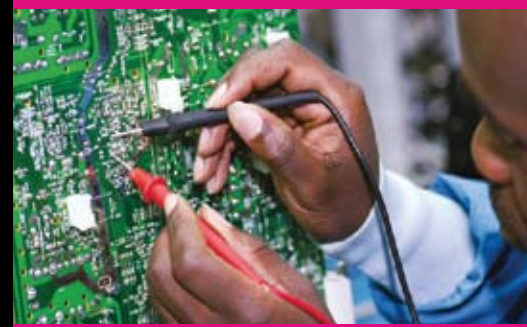


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Integrating Reverse Logistics with Wireless Technology

by Joe Caston, CEO & President of Cadre Technologies

In today's competitive marketplace, it's not enough to simply offer reverse logistics as a value-add to already-existing warehouse services. In fact, one of the most significant mistakes a company can make with regards to reverse logistics is to consider the process only as an afterthought, or assume that if the right components are in place, the desired result will "magically" happen. Nothing could be farther from the truth, but a balanced relationship between technology and forethought can propel any company offering reverse logistics to the top of its industry.

One of the best ways to streamline any reverse logistics operation is by employing wireless technology. Radio frequency identification technology (RF) is the latest and most advanced wireless application, particularly when it's used in conjunction with a sophisticated warehouse management system (WMS). The initial investment in wireless technology, along with any necessary upgrades to your company's WMS, will pay off quickly in the competitive advantage these features provide. After all, who would you rather hire: a vendor who has the foresight to take your company to the next level, or one that is barely keeping up with the latest technology?

There are several benefits of investing in wireless technology to employ reverse logistics. First, cost efficiency. Think of the man-hours currently being used to hand-inspect each item that comes back to your warehouse. That time and energy translates into dollars that could be better used in other parts of your company's operational system, or eliminated altogether to cut down on the bottom line. Second, by utilizing wireless technology, human error is taken out of the equation. The returned item will more likely be sent to the correct department or division, eliminating the backtracking that could result from misplaced merchandise. Again, this saves money and manpower. Third, wireless transactions leave a complete paper trail that can be necessary for audits and for administering credits to customers. And lastly, but just as importantly, telling potential customers that your warehouse uses wireless technology is an

Warehouse workers use a headset with a microphone and a speaker connected to a holster-supported mobile computer on their belt. The benefit is that the worker's hands and eyes are completely focused on performing the desired task, not on typing or transmitting information. Workers connect in real-time to the company's main database, and can verbally communicate with the host application to confirm when a return has been processed and receive another assignment. In addition, they can switch between methods to use the headset, a keyboard or scanner.

impressive statement. Not only will new business prospects know that your company will be a partner in ensuring its efficiency with reverse logistics, but they will also understand your commitment to exploring and investing in advanced technologies. That's a competitive edge that speaks louder than any sales pitch.

Once the decision is made to join the wireless technology wave, there are a few features your company should look for. As mentioned earlier, RF is an invaluable tool in maximizing efficiency and reducing warehouse errors. Beyond bar-code scanners, advanced warehouse management systems integrate voice-directed RF as part of the solution. The advantages of voice-directed technology are tremendous. First, the technology allows for hands-free communication with the system, allowing the worker

to focus entirely on his or her task. Also, working hands-free improves safety by eliminating the juggling act that happens when an employee is carrying around a receiver or paperwork and begins handling merchandise. In addition, the learning curve involving voice-operated technology has been shown to be shorter; for most people, it's a more intuitive method of communication.

Beyond voice-directed RF, inventory visibility is another feature you'll want to look for. Depending on the type of reverse logistics being managed at your warehouse, your business may need total inventory visibility, from the moment the product arrives at the warehouse until a decision is made as to whether it will be refurbished, resold or disposed of. Merchandise typically spends much more time

Continues ▶



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One of the best ways to streamline any reverse logistics operation is by employing wireless technology. Radio frequency identification technology (RF) is the latest and most advanced wireless application, particularly when it's used in conjunction with a sophisticated warehouse management system (WMS).

in the warehouse once it's returned than it does before it leaves the distribution facility, so for cost and space reasons, it is essential that your company's tracking system be up-to-date to eliminate any delays in finding merchandise once it arrives at your warehouse.

In addition to standard merchandise returns, a major stressor on a reverse logistics system is in the

case of a product recall. Recalls make headlines, but what's rarely considered are the logistics behind routing thousands or millions of units of a product from around the country to one location. And once they arrive at that location, they must be catalogued and addressed. Efficiency, organization and technology must all come together quickly when consumer safety is in question. Once a company has decided to issue a recall,

technology takes over. Advanced warehousing systems that have invested in wireless technology have the edge when time is of the essence.

More and more companies realize it is imperative to have a handle on the latest technology to manage their oftentimes complex reverse logistics process. Dealing with returns and recalls after the fact is a surefire method to get behind the curve. Smart warehouse providers take advantage of advanced wireless tools like bar code scanning and voice-directed RF to manage logistics and inventory control. The right combination of technology and planning will improve the bottom line and guarantee a streamlined approach to reverse logistics. RLM

About Joe Caston and Cadre Technologies
 Chief Executive Officer and President Joe Caston is an executive leader with 22 years of experience in sales management, finance and general management in the data networking, software and telecommunications industries. Cadre Technologies is the leading provider of supply-chain management software for the warehouse, fulfillment, logistics and manufacturing industries. Cadre's software packages offer versatile, on-demand, real-time information that streamlines the fulfillment operation, making the process more flexible, productive and profitable. For more information, visit Cadre's Web site at www.cadretch.com or call 866-252-2373.



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Packaging: Is It the Missing Link in Your Logistics Chain?

by Diane Gibson

It is true that almost anyone can package an item using a cardboard box, some bubble wrap, and a roll of tape, but is that enough when items are heavy, valuable, oversized and awkward. The right packaging is often hit-or-miss or even non-existent in a company's supply chain, escalating the chances of damage, security breaches, lost privacy and theft opportunities. With a few tips and the right logistics partner, packaging should no longer be the missing link when your leases expire, equipment breaks down or your data center consolidates.

Product and Transportation Analysis

Packaging concerns are not exclusive to any particular company. Every business has leases, returns, exchanges and end-of-life assets to deal with. When selecting a logistics provider, ask for an on-site product and transportation analysis that includes the handling, distribution, mode of transportation and origin and destination factors needed to develop product specific engineered packaging. Product characteristics requiring review include size, weight and weight distribution, susceptibility to abrasion and corrosion, effects of compression, vibrations and fragility.

With a completed analysis in hand, a company has greater flexibility to make the right cost-effective packaging choice whether it is a custom wooden crate or a standard size cardboard box. Take the example of a large multi-location call center company. On any given day the company may need to move 50 high-value computers over 2,300 miles of bumpy highways to another center, while sending 50 other computers to the scrap heap 30 miles away. By understanding ►



the type of product that is going to be shipped, where it is going and why it is being moved, gives the call center the flexibility to make different packaging choices and dispels the idea that one package solution fits all.

Custom Packaging versus One-Size-Fits-All

Protective packaging solutions, including custom engineered containers, cushioning, waterproofing and support that meet specific product fragility and shipping requirements, can ensure safe travel to the final destination. Companies often fail to fully anticipate the impact of shock and vibration or how far a package can be dropped, leading to a high probability of damage.

By properly accounting for the size, footprint, weight, and sensitivity of the item being shipped, the correct foam densities and other packing materials can be selected. If there are a number of packages being shipped as a unit, skids and pallets should be considered as platforms to handle and transport the items safely.

Reusable containers are sometimes a good option if a company ships a lot of the same size and kind of assets frequently. These containers can be refurbished and repaired to curb costs and are environmentally friendly. Although, fractionally more expensive on the front-end, the ability to re-use the same container saves money in the long run.

Standards

Even though custom packaging options are available, it is important to know packaging standards exist when needed. What standards are used might depend on the security, size or value of the shipment. Logistics providers should be able to explain what standards and practices they follow for packaging.

For instance, vapor barriers are essential for crates being transported internationally. Packages being shipped offshore are subject to the International Standards for Phytosanitary Measures No. 15 (ISPM-15). This requires that all solid wood packing material be heat-treated and stamped with an official mark.

Documentation, Security and the Chain of Custody

Several options are available to ensure proper tracking and security control of a shipment. Packages should be clearly labeled with information that is important and meaningful, including purchase order or serial numbers. This same information should appear on packing lists so that packages can be checked-off at their origin, destination, and points in between to minimize theft and losses. Always ask about real-time tracking options.

Package bar codes create greater handling efficiency and accuracy. They are especially effective for large logistic projects. One reseller recently returned 1,200 crated servers to its 100,000-square-foot warehouse. If it were not for labeling and bar coding, crates would have to be opened to check the contents, as well as determine their origination or destination point.

Package security can be customized depending on the level of security required. Sometimes packages can only be sealed or opened within view of witnesses or sealed with tapes that will show if they have been opened or tampered. Drivers can be denied access to locked trailers while in route and tracking systems can set off alarms if a truck stops for more than 20 minutes.

Chain-of-custody is always an important packing question. Some Internet providers have no consistent chain of control

over packaging. This can lead to security breakdowns. When initiating a logistics project, ask the provider what they handled in-house, what assurances and insurance are available, and where they are “really” located. Packaging partners with actual “brick and mortar” locations, instead of virtual sites, can provide true shipping chain-of-custody.

Hire Experience or Do-it-Yourself

Trust is built on experience. When seeking a logistics provider, look for a history of shipping “like” assets. For instance, a finance company may need assurance safeguarding proprietary information such as social security numbers, while an electronics manufacturer may require antistatic packaging options. Each client and their industry have their own packaging and crating needs. Packaging solutions must take into account that hospitals

Protective packaging solutions that meet specific product fragility and shipping requirements, can ensure safe travel to the final destination.

have potential biohazards while the aerospace industry works with hazmat. Remember to inquire about a provider’s international skills whenever offshore packaging is involved.

If a company decides to do the packaging themselves, the big question to ask is what are the potential losses and gains in terms of costs, security and safety? Should the company’s highly trained technicians be used to package equipment? Is a package just a box and cushioning or is it more than that? Does one size really fit all?

Safe and secure. Damage-free. On-time. Cost-savings. These are all the results of proper packaging. By asking

the right questions when putting together a logistics plan, companies can transform packaging from the missing to the strongest link in their supply chains. RLM



Diane Gibson is the President and Founder of Craters & Freighters. Craters & Freighters, founded in 1990, is headquartered in Golden, Colorado and is the national leader in specialty freight solutions, providing expert packaging, crating and shipping services from locations nationwide. The company expanded nationally through franchising beginning in 1991. For more information, visit www.CratersandFreighters.com.



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Technical Trends

L. B. Underwood

Test Equipment; Product or Feature?

Bryant Underwood

Over the Christmas Holiday, it was amazing to see the growth that cell phone products experienced as what could be called the gift of choice, in 2007. There are countless stories in the media tracking this market shift. Essentially, if you were in the 3rd Grade or higher, you wanted a new cell phone “under the tree.” At least you did if it had all the right features... It is that word features that I want to focus on. I can think of no product in history that has devoured so many other product segments and transformed them into “features.” Consider the list below. All of these items were once ONLY stand-alone products.

- Text Pager
- 2-Way Pager
- Voice Mail/Voice recorders
- Calculator
- Pay Phone
- PDA/Calendar/Organizer
- Email Client
- Camera (still and video)
- Web Browser
- Fax Client
- Access Point
- GPS/Navigator
- MP3/Media Player
- Bar-code Scanner
- Child/Employee Tracker
- Game Console

For many of these products, being incorporated as various features into a cell phone, generated very negative market impacts to the existing product lines. Many were able to change their lineup and capabilities and still remain stand-alones. Others have not. Regardless—the pressure and disruptive affect from becoming a “cell phone feature” is undeniable.

What Could Be Next?

I want to make the case that one of the next product lines I want to see become a cell phone feature is the test equipment needed for its own repair and diagnostics. Yes, I heard what you just said. I heard that incredulous thought, “What are you thinking!!!” OK making test equipment a feature on a phone is crazy, right? Maybe, maybe not. First let me tell you why you want to do this. For RL, the single biggest product segment that gets repaired is cell phones. On average the cost per repair for the test equipment in a repair depot is \$0.80-\$1.10 per phone. That cost is much greater in other markets, like Asia, where there are often suites of test equipment used in retail locations to test and screen the simpler repairs. In these retail service locations, the equipment costs can reach \$3-5 per repair, due to equipment cost and

lower utilization rates. This is a huge per-repair cost for RL service that really needs to be addressed.

Let me walk you through my thinking on how this can work. Back in “the day” when cell phones operated on the AMPS standard, a great deal about the function and the air interface was analog. Anything that needs to evaluate analog signals tends to be very complex. Plus the processing power in the phones at that time was very limited. Just the circuitry required for communication with the network would often be located in state-machines that were etched in silicone because the micro-controllers were just too slow or too power hungry to support the system and the UI.

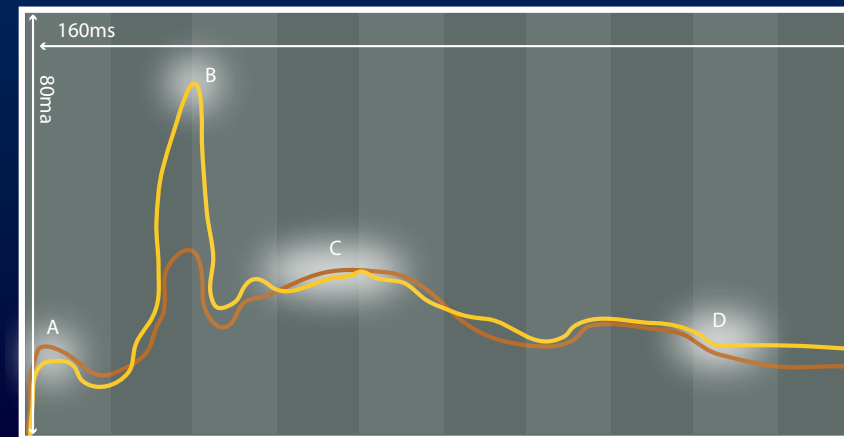
How is it different today? First, everything is digital. The measurement of digital signals is much easier than the ‘shades of gray’ complexity of analog signal measurement. This is because so much of the work in decoding information from the digital (CDMA/GSM/LTE/Etc...) data stream is based on statistical calculations. So all we really need to assess digital signals, is something to do the math for us. And, you guessed it—we have huge processing power in the phones today.

The speed is so fast that no longer do we need a lot of complex silicon to manage the air interface. For a number of simple phones, the air-interface control is a little more than a chunk of code that is a shared load on the processor along with the UI. So, we clearly have the processing power, so how would this work?

What Can Be Done Today

There are three players in wireless that are making technology moves in cell phone/wireless that will undoubtedly lead to a significant level of test capability residing in the phones; Nokia, Qualcomm and Google are of special note. Let me outline why I say this.

For Nokia they are acting on a strategy that ties the user experience of Nokia product to the functionality of the phone and the size of the data pipe. For that plan to work, Nokia recognized they needed to expand the range of applications that ran on phones. There are two recent apps that will give us some insight as to just how close we may be with service functionality existing as a feature.



The first is the new Nokia DeviceStatus Tool. With this application working in a Nokia cell phone, there are a whole set of parameters that are gathered from the phone and a connected PC. If something goes wrong, this tool assesses the general health of your

PC and generates summary data to facilitate communication with Customer Care for resolution. In the future, the notes on the Nokia web site advise that new versions could have capability to connect directly with Nokia for virtual diagnostics and Care Support. How powerful would it be for a repair center to have a complaint code that was meaningful because it was gathered from Customer Care and function testing in the phone?

Another application that I am really excited about is the Nokia Energy Profiler Tool. This tool was intended to provide programmers with an easy way to optimize SW functions to use the least power possible from the cell phone's battery. But the real power of this tool is in its possible use in repair troubleshooting. To understand how this could be used as a troubleshooting tool, consider the power up process for almost all modern electronics. When you press the power button, there is an interrupt that starts a sequence of steps. During these steps,

each section of the phone is enabled in a chained process. If you measure the current consumed during this ‘wake up’ process, you can identify a failed sub-section. To make this process a little easier to visualize, refer to the diagram below.

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In this chart you will see four landmarks identified at (A, B, C and D). Each of these landmarks represents a point where one of a cell phone's electronic subsections is turned on;
A = Reference Oscillator
B = Power Amplifier
C = LCD Initial power
D = End of LCD Power up

The yellow line represents a properly functioning phone's current consumption over time during a ‘wake-up’ sequence. The pink line represents the current consumed for a unit under test. From this graph it is easy to see that landmark B is where the problem is and that the power amplifier subsection is the place to look for trouble. This information combined with a complaint from the Customer of ‘dropped-calls’ makes the initial diagnosis a slam dunk. Then there is Qualcomm's MobileView Technology. ▶

Released in December of 2007, this product allows engineers to monitor and optimize wireless networks based on diagnostic data gathered from various cell phone handsets working on the Wireless Carrier's Network. The performance data that is combined with GPS information from the cell phone, is used to benchmark and tune wireless networks. Clearly very cool, but how does this help repair? What if the network was already benchmarked and its performance was defined? The data gathered from the phones would then be an indication of the phone's performance rather than the network's. Also since the system gathers GPS data, cell phones that are near each other can be polled and that data used to verify a poor performing unit as the source of the problem rather than the network. Consider the power and positive impact on Customer Satisfaction if a Wireless Carrier could respond right now to a Customer's concern with their phone's performance by connecting directly to the phone and measuring various

parameters and then validating the data to be in-line with other nearby phones. As an added benefit the Wireless Carrier could run periodic off-line diagnostics on the handsets and email the Customer the results—talk about Great Customer Experience!

Then there is Google. Since December, I have been driving everyone around me crazy with my delight over the new beta version of Google Maps with the "My Location" feature. With this free tool in your phone, even without GPS, Google Maps will locate you. How? Google retrieves the data from what cell site is being used and combines this with RSSI information to establish a circle designating your probable location. From a repair point of view, this is a layer of functionality that could be leveraged for diagnostics. Rather than just get RSSI, why not query the tower for Rho, FER, Freq Offset, etc... With Google launching its wireless service based on the very open Android platform they are leveraging a huge

cadre of very talented programmers to develop the next 'killer-app'. To prove they are serious, Google is offering \$10M in prize money to promote the development. With this kind of open access and developer focus its just a matter of time until embedded testing tools make it to the forefront. Are these all the pieces that we need to get this idea going? Well, there are a couple of other challenges, but they are solvable.

Some Barriers need to be Bridged

The start, that the tools noted above provides, is fantastic and we can see some solid progress is forthcoming. However, for this to be a reality, there are several issues to bridge before ALL aspects of self-test as a feature can be deployed. I want to keep away from going into too much detail on some of the very technical aspects of this. But I will cover one barrier as an example and give you a sense of how these gaps can be closed. Power control is one of the more important metrics to measure for all digital networks. This

is because, so much of the density of the data rates and loading, depends greatly on keeping transmitted power as low as possible. So how could a mobile phone measure its own transmit power? Simple, get a couple of values, perform some calculations and generate the result. The external data needed would be requested by the phone from the connected tower. An oversimplified explanation would use two data points:

- 1: What is my location (used to calculate path loss)?
 - 2: What is the measured signal level the tower is receiving from this phone? The phone then internally measures the current from its power amplifier.
- Now we know:
- Path loss in db
 - Current consumption
 - The tower and phone RSSI levels
 - Plus some more rarified data to indicate multi-path fading, etc...

We can then crunch those numbers together with a little math and Voila

you have the average transmit power. Anyway, you get the idea. There is a huge piece of RL supply chain cost that can be greatly reduced if not outright eliminated. The first benefits of this will be seen in the various markets worldwide that use some form of retail service to at least screen repairs from the end user. Other benefits will be the better level of complaint/failure data for the repair depots to use during repair and then the depots themselves may begin using the internal test functionality, outright.

What will be the response of current test equipment manufactures? My guess is that just as Google first defined their wireless product with a SW stack and a developer kit, the test equipment vendors will likely do the same. Most of the equipment vendors also build or partner in some way in the manufacturing of cell-sites. Why not augment the function of the cell-site with functions protected by intellectual property rights that can

be called by the phones? The test equipment manufacturers can then license the use of the functionality. Lower costs are still passed on and the overall industry continues to benefit. This is truly an amazing time for disruptive change.

1. www.nokia.com/betalabs/devicestatus
2. www.forum.nokia.com/main/resources/development_process/power_management/nokia_energy_profiler/
3. www.qualcomm.com/press/releases/2007/071206_Qualcomm_Announces_Availability_of_MobileView.html



L. Bryant Underwood is Director, North Americas Service at Foxconn Technology Group. Bryant's past positions include GM, Director and VP level assignments in support of Operations, CRM, Materials and IT.

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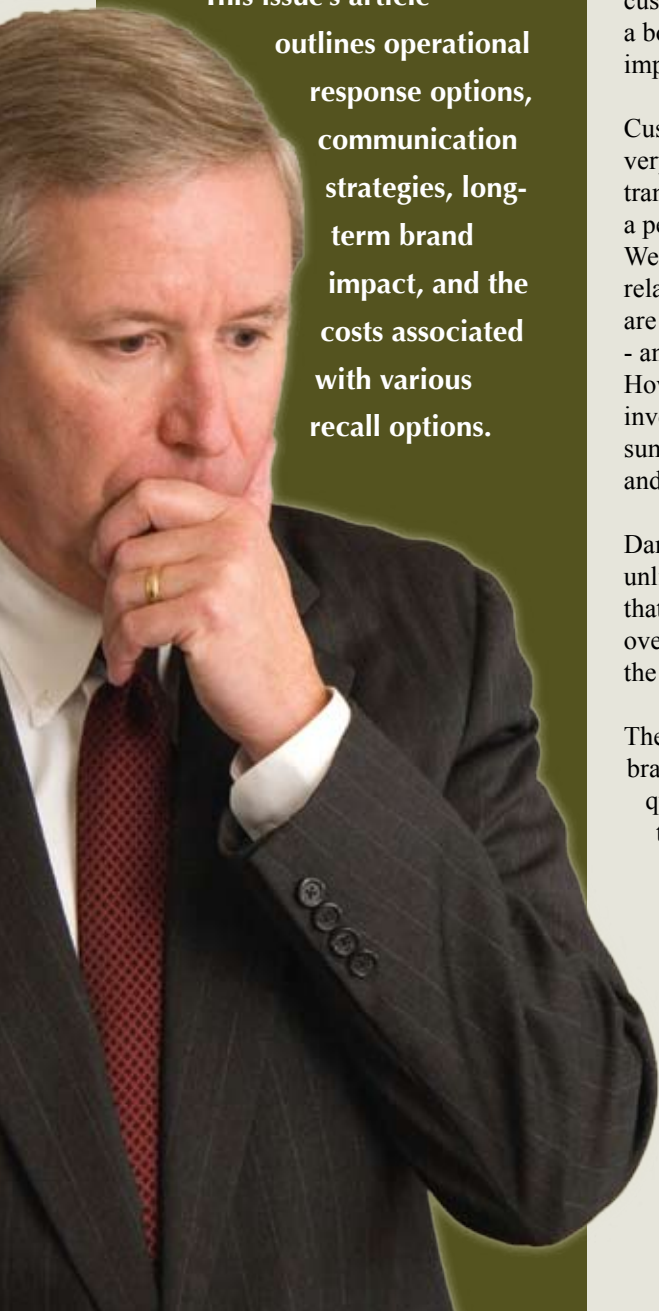
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Recalls—When the Worst Happens, Part II

If not handled properly, recalls can be extremely detrimental to both external and internal brand perception. In the January/February 2008 issue of RL Magazine, the first article in this two-part series covered recall prevention and preparedness, as well as customer impact.

This issue's article

outlines operational response options, communication strategies, long-term brand impact, and the costs associated with various recall options.



by Hannah Kain and Gailen Vick

Long-Term Impact on Brand

Recalls have always had a negative effect on brand equity. However, as viral marketing—and online communities—are taking on a life of their own, the brand can suffer irreparable damage within just weeks or even days. Even false accusations can have that effect, as Wendy's can attest to after having to fight the incident where a customer put a severed finger into a bowl of food, an incident that impacted the company for years.

Customer dissatisfaction at a very basic level “only” involves a transaction between a company and a person and/or another company. We are not making light of that relationship. Current customers are the lifeblood of any company - and the most likely to buy again. However, the long-term brand involves more than the specific sum of the customer transactions and perceptions during the recall.

Damage to the brand can make it unlikely that anybody ever will buy that brand. Perceptions can change overnight as talk-show hosts use the brand name in their jokes.

The only way to protect the brand during a recall is to react quickly, considerately, honestly, transparently, and with integrity.

Operational Impact and Cost

The table (Pae 52) illustrates different customer-related actions that can be taken as part of a recall, as well as the expected impact and the cost. Both will vary depending on

product and the overall scenario.

Recall committees would do well to consider a cost/benefit analysis. The proverbial pound-wise/ penny-foolish discussion comes to mind. A recall can easily cost \$50 - \$500 per unit shipped, of which maybe 5% - 20% (or \$10-\$25) can be attributed to the actual interaction with the customer, such as call center interaction, operational transactions when receiving the old unit or shipping the new unit, and freight. A 10% savings in this area may have very little impact on the overall cost of the recall, but may have a huge impact on the image of the company, customer satisfaction, and the long-term consequences.

Costs—the Entire Picture

While transaction-based costs are obvious there are several expenses that are less obvious:

Managing the recall.

The recall must be managed by very competent staff with full authority, full access to the resources needed and knowledge about product, supply chain, customers, sales channels, etc. This makes for a very expensive, highly-paid committee.

Compliance management.

The cost depends on whether the recall is voluntary, whether a Fast Track option is available, and which agency the company is interfacing with. In addition, public companies have reporting requirements with shareholders having a legitimate interest in information.

Corrective action.

As the legal, communications, and practical aspects of the recall get planned, it is time for learning and

Continues on Page 46 ▶

www.RLmagazine.com

Industry Events

The Reverse Logistics Association staff takes advantage of every opportunity to evangelize the reverse logistics message, thus raising awareness of the process and increasing visibility for our association and its members.

If you would like to have RLA present at an event or if you have an event you would like to publicize in RL Magazine, please send an email to editor@RLmagazine.com.



Upcoming Events

RLA Seminar - Hong Kong Recycling, Reuse & Governmental Regulatory Controls
April 16, 2008
www.rltshows.com/hkg08_event.php

WCBF's 4th Annual Lean Six Sigma Summit – Chicago, IL
April 29-May 2, 2008
www.chemweb.com/content/event_items/wcbf-s-4th-annual-lean-six-sigma-summit

Introduction to RFID – Erie, PA
April 30, 2008
www.logisticsonline.com/content/events/calendar/Search/paid_event_description_new.asp?nEventId=27917

RLA Seminar - Chicago Implementation of RL Software Solutions to Enhance Bottomline
May 7, 2008
www.rltshows.com/chi08_event.php

WERC Annual Conference – Chicago
May 4-7, 2008
www.werc.org

Investment Recovery Association – Houston, TX
SPRING '08 SEMINAR & TRADESHOW
May 19-21, 2008

Green West – Los Angeles
May 20-22, 2008
www.greenwestexpo.com

RLA Conference & Expo Amsterdam
Dorint Hotel Amsterdam Airport Workshops: June 16, 2008
Conference & Expo: June 17-18, 2008
www.rltshows.com/amsterdam.php

Electronics Recycling Conference & Trade Show - Chicago
June 22-24, 2008
www.electronicsrecyclingconference.com

RLA Seminar - Toronto Retail Reverse Logistics Issues, Spare Parts Management
July 9, 2008
www.rltshows.com/tor08_event.php



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correcting. It is important to start the process early so relevant information can be collected as defective or non-defective units are returned. Statistical analysis should be performed and communicated throughout the company.

Suppliers. If the recall is caused by problems in the supply chain, a complete analysis of the supply chain may be necessary. As supply chains get exceedingly complex, this may be very time consuming and costly.

Opportunity cost.

As senior staff focus on the recall, other issues may be unattended to. However, just as important is the sales force. To avoid a demoralized sales force, the recall committee must communicate fast, clearly, and honestly with the sales force, providing specifics about what the company is doing, and how the company intends to move forward.

Communications management.

The company should perform a complete stakeholder analysis to review that it has communicated appropriately with each stakeholder. This could include vendors who might be concerned about the company's cash flow or survival, service providers who may have to provide changed services during the recall period, public service announcements, employee communications, non-affected customers, as well as the general public.

Repositioning the brand.

On the marketing side, serious consideration must be given to the brand to ensure its survival or comeback.

Potential Litigation Costs

In addition to the cost of managing the recall, companies are faced with risk of litigation, either in the form of individual lawsuits or class action lawsuits. Risk mitigation becomes a

legal issue, which also includes the issue of whether a jury would see the company as "doing the right thing." Litigation costs can surmount the other costs and can ultimately be detrimental to the company's survival. Certainly, any litigation involves distraction from the company's business. In addition, punitive and other damages can be substantial.

The costs spent on mitigating customer issues and taking action fast can easily be recovered in minimized risk of lawsuits—or minimized risk of punitive damages.

Legal advisors should be on the recall team and readily available.

A Final Word about Managing Your Recall

Recalls must be managed by high-level staff inside a company. However, it may be very productive to use high-level, trusted service providers

| Method | Impact | Cost | Notes |
|--|--|---|---|
| Effective public communications | High | Medium | Cost may vary. This could encompass different types of communications from the more passive press releases to actively monitoring and impacting viral marketing |
| Effective customer communications/ recall w. direct communications to impacted customers | High | Medium (note: cost of maintaining a high-quality customer database may be high) | |
| Responsive call center/chat room | Medium | Low | The cost difference between a high-quality responsive call center and a less-responsive call center is marginal compared to the potential risk |
| Easy to locate and navigate/use recall information on website | Medium to high | Low | |
| Communications through sales channel | Medium to high | Medium | |
| Fast and easy processing for replacement of product | High | Varies | Cost can be kept minimal if few questions are asked |
| Plug & play replacement unit | Varies | Varies, may not be applicable | |
| Free return shipping | Medium | Varies, low in most cases | |
| Overnight shipment of replacement unit | Varies depending on product type | Varies, low in most cases | |
| Offering a full refund | High | Varies | If no replacement units are available, the refund may be the only acceptable solution |
| Proper refurbishment of units | High | Medium | If sending out replacement units that are refurbished from returned units, the refurbishment must be done flawlessly to avoid compounding the problem |
| Sensitivity to stored data when dispositioning defective product | High (note: cost of not doing may be high) | Medium | Return units may have stored data that is sensitive, such as medical information |
| Environmentally responsible disposition of defective product | Medium | Low | Since this is a high-profile situation, it is dangerous to add to any negative perceptions |

to implement many of the recall functions. In fact, internal resources are often over-taxed during a crisis situation, causing a drop in service and customer dedication. RLM

Other sources:

CSCP - Consumer Products Safety Commission (www.spsc.gov)

FDA—Food and Drug Administration (www.fda.gov), for policies, see <http://vm.cfsan.fda.gov/~lrd/recall2.html>

Reverse Logistics Association (<http://www.reverselogisticstrends.com/index.php>)

Center for Business Intelligence, Recall Conference (<https://www.cbnet.com/conferences.cfm>)

American Society for Quality Control, The Product Safety and Liability Prevention Technical Committee (PS&LPTC), (www.asq.org) has published a book (<http://www.asq.org/qic/display-item/index.html?item=10181>)



Hannah Kain is President and CEO of ALOM, a leading package assembly and fulfillment company headquartered in Fremont,

California. Kain, who founded ALOM in 1997, has extensive experience in the packaging industry. She has three university degrees and has won numerous awards, including ABWA, NAWBO and Women's Fund, and has been featured in books and articles, including "CEO Chronicles" and "Women Who Paved the Way."



Gailen Vick is the Reverse Logistics Association Founder and President.

Catastrophic Failure and Recalls

RL Quote provides OEMs, ODMs and Retailers a way to connect with 3PSPs. With RL Quote, a manufacturer or retailer can send out RFIs anonymously to our worldwide database of companies that specialize in recalls, screen through the responses and narrow down the prospects.

Product Liability and Recalls

Product liability and recalls create a challenge of crisis management, if not handled properly, the effects can be catastrophic. Public safety is at stake. Corporate reputation and corporate responsibility are at stake. Product liability and recalls can lead directly to massive litigation, from both consumers and the government.

Missteps and poor communication can have a catastrophic impact on the brand, stock price, and reputation. Choosing the ideal 3PSPs for best practices in handling product liability and recalls, can seem to be a near impossible task given the short time allowed by government regulations. The RL Quote program can help find 3PSPs fast. For more information please visit www.rlquote.com

On the Move in Reverse Logistics

Jerry Adamski recently joined **Gleason Corporation** as Global Customer Service Director. He brings over 20 years of experience with Eastman Kodak Company encompassing a wide range of experience in global service and manufacturing. In this new corporate role, Jerry will focus on developing strategic plans for Gleason global customer service in alignment with other business strategies. He will also focus on identification and implementation of world class best practices in total customer support.

Shelor Consulting recently announced that **Roy Steele** has joined the company as vice president and senior partner. Roy has over two decades of field service and support operations experience including service parts management, field service operations and repair center operations.

Ixia, a leading, global provider of IP performance test systems, recently announced that **Raymond de Graaf** has been appointed to the position of

vice president of Operations. Mr. De Graaf brings to Ixia about 15 years of operations experience most recently as vice president and general manager of Precision Communications and Flextronics International four years prior.

Mr. De Graaf most recently led the transformation of Precision Communications—a leading provider of repair, refurbishment, resale, logistics and inventory management for leading OEMs and carriers worldwide—from a small, privately held company into a significantly larger and more scalable business. Previously, Mr. De Graaf held several senior operations positions at Flextronics, including director of Global Operations for the global electronics manufacturing company. He led the company's reverse logistics operations, supporting many of the world's leading telecommunications equipment manufacturers

Service Net Solutions LLC recently named **Chris Smith** to the newly

created position of president of sales and marketing operations. Prior to joining Service Net, Smith led the startup of ServicePower Field Service Solutions, a Louisville-based subsidiary of Annapolis, Md.-based ServicePower that provides automated job scheduling, GPS tracking and navigation and warranty management services for the service delivery and installation industries.

He also has held executive leadership roles at GE Warranty Management and Montgomery Ward. Jeffersonville, Ind.-based Service Net's services include warranty management, extended service programs, customer service support, claims processing and service contract underwriting for clients such as Toshiba, Samsung, Lennox, Maytag, Philips and Sony.

MCA Solutions, the leader in service parts planning and optimization, has expanded its executive team to include **Jack Barr** as senior vice president of strategic accounts.

Jack brings more than 20 years of high-tech sales, marketing, operations and business development experience to MCA Solutions. He spent more than 12 years working at SAP America where he helped launch SAP's strategic client-server solution and was instrumental in SAP's growth in the 90's, exceeding personal sales targets by more than 220 percent annually over a seven year period.

As SVP of strategic accounts, Jack will lead the development of MCA's global sales strategy with a strong focus on improving all sales processes and operations.

Pinnacle Data Systems Inc. (PDSi) recently announced today that **Timothy J. Harper** has joined its executive management team as Vice President of Global Operations and Logistics. Mr. Harper comes to PDSi following 16 years with major communications solution provider Alcatel-Lucent (formerly Lucent Technologies) and AT&T, a world leader of telecommunication infrastructure.

Mr. Harper has extensive industry experience in key areas of PDSi's strategic focus - Electronic Manufacturing Services (EMS) and mission-critical solutions for global Original Equipment Manufacturers (OEMs). His prior roles included executive positions in production, procurement, contract manufacturing, repair, logistics, customer service, and supply chain functions. He will manage a similar span of functions at PDSi.

Agilence, Inc., the leader in Intelligent Video Auditing Solutions (IVAS), recently announced the appointment of **Pedro Ramos** as Director of Retail Solutions. Ramos, formerly served as the assistant vice president for Loss Prevention at Pathmark Stores Inc., a northeastern United States supermarket chain recently acquired by A&P. Ramos will have responsibility for managing Agilence's retail solutions focused on reducing cashier fraud and improving asset management for America's retailers. While at Pathmark, Ramos managed the Loss Prevention and reverse logistics programs for 141 retail stores. He led the effort to re-organize Pathmark's loss prevention program by utilizing Agilence's automated solutions to centralize exception reporting and video auditing functions.



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| Operating Expenses | \$70.5 |
| Inventory Writedown | \$16,594,710 |
| Cost of Refurbishing | \$2,904,000 |
| Operating Profit (Loss) | (\$7,052,777) |



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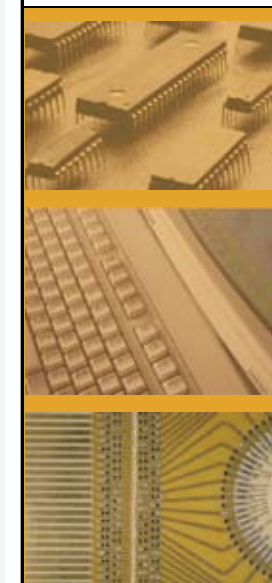
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Returning thoughts...

Using a Customer Return Request as a Reverse Logistics Up-Selling Opportunity

by Paul Rupnow

“Would you like fries with that RMA?” Most Reverse Logistics teams have never thought to ask this question. You may be missing a big opportunity to increase your revenues, profits and enhance your customer experience.

Up-Selling is not just a tool for your sales team; it is an opportunity for anyone in your organization who is dealing with customers. And up until now, it is an opportunity that has largely been overlooked by Reverse Logistics teams. Up-Selling is an opportunity for you to increase customer satisfaction, increase your revenues and enhance your Reverse Logistics group profitability.

Reasons to Up-Sell

Up-Selling is a win-win opportunity. Of course your customer is unhappy to have to call you and return a product, but it happens to everyone who buys anything electronic. So quickly resolve their RMA issue and find out how else you can help them. You can help your customers by

offering them opportunities to:

- Save money with special, direct from the manufacturer pricing
- Obtain or upgrade to newer products
- Purchase more of your products
- Warranty their future
- Improve customer satisfaction
- Save shipping cost

For your company and your Reverse Logistics team, up-selling is an opportunity to:

- Generate additional revenues and profits
- Manage or sell new, old or excess inventory
- Improve customer satisfaction by turning the negative experience of obtaining an RMA into a positive experience

Up-Selling Opportunities for Reverse Logistics Teams

The following is a list of Up-Selling opportunities and ideas to get you started:

- Upgrades – you can offer, possible at a discount from the retail price, an



upgrade to a new or more recent model. (Most customers would prefer a newer 19 or 22 inch LCD for a small increase in price, rather than a direct warranty replacement for their 14 inch LCD – “would you like to Super Size that order?”).

- Companion products or

services – companion products and accessories are typically very high margin items, be sure to offer them and maybe even at special pricing. Printers need toner. Cameras need cases, batteries, memory. LCD TVs need to be mounted.

- Free Shipping – if you will be shipping a replacement product anyway, there may be no additional cost to adding additional items to the box.
- Special pricing – since you may be a manufacturer, you may be able to offer below retail pricing, especially on newer but not the most recent models.
- Inventory Management – there may be a good opportunity to offer old or excess models as replacement items or as an additional purchase. This may help you reduce your replacement item costs or dispose of less desirable inventory. It may also help reduce the need to incur high repair costs to keep old models in stock.
- Extended Warranty – a cherished very high profit item for retailers can now be offered to your RMA customer on their returning item.

So, go ahead, try that RMA order with fries or super-sized. You may find that Up-Selling provides your customers, your Reverse Logistics team and your CEO with a much higher level of satisfaction.

Good Luck!

Learn and Share Reverse Logistics best practices, insights and strategies with Paul Rupnow at ReverseLogisticsProfessional.com

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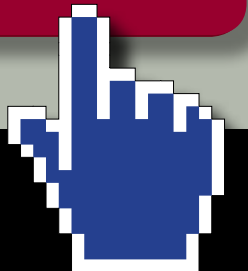
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