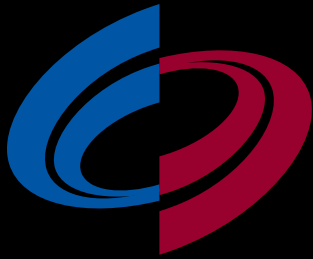


Running RL at The Velocity
of Business Pg. 12

Online Front End Support Tools Improve
Customer Satisfaction Pg. 22

Evaluation of Market for
RL Software Pg. 18



REVERSE LOGISTICS magazine™



Reverse Logistics
– Turning “Green” to Gold.
Page 28

July/August 2008

OFFICIAL MAGAZINE OF THE
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Asia’s premiere Reverse Logistics Event will bring three full days of Reverse Logistics. Starting on Tuesday, October 7th, with RLA Workshops and continuing on Wednesday and Thursday with sessions and exhibition.

Workshop topics include “Progressive Dispositioning Process,” “Lean Repair and Reverse Logistics Trends” and “Best Practices & Benchmarks in Reverse Logistics.” For more information on workshops, visit: www.rlahows.com/singapore.php

The conference kicks off on Wednesday with the Keynote Address followed by sessions presented by RL professionals, leading academics and panel discussions on topics such as:

- Global Challenges in IT Asset Recovery and Electronic End-of-Life
- Managing Costs on Returns and Warranties
- Service Logistics including Field Service, Spare Parts Management and RMA

A wide range of leading regional and global Reverse Logistics companies are 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 the Far East, along with identifying solutions for Europe 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.

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

For more information and complete details, visit www.RLShows.com. Attendees may register online for Workshops and the Conference and even book flights and hotel. Exhibitor space is available for purchase as well.

Have an interesting story to share? Want to be part of this event? RLA speakers receive many benefits – for more information, visit: www.rltshows.com/speaker_register.php

CONTENTS

On the Cover



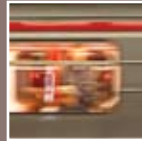
Page 28

Reverse Logistics – Turning “Green” to Gold.

by Kevin Steele and Emily Rodriguez, The Results Group

Typically Reverse Logistics functions have suffered from benign neglect and have been perceived as too complex to automate or to get fully under control. The reality is that effective processes can be developed, and good solutions have recently become available to automate repetitive activities and provide flexibility to address the many variables involved. However, finding budget dollars and getting top management support for changes, improvements and capabilities continues to be a challenge.

Articles



Page 12

Running Your Reverse Logistics Operation at the “Velocity of Business” - Part 2

by Zack Bergreen, Astea International

Part 1 of this article explained how a “best-in-class” SLM solution can increase the organization’s “velocity of business,” and provided detailed descriptions of the key features and benefits of the first three of six major components: Field Service, Depot Repair and Logistics. Part 2 concludes the article, focusing on three areas that must also be addressed by any SLM solution; namely, Sales, Marketing and Professional Services.



Page 18

Strategic Evaluation of the Market for Reverse Logistics Management Software

by Michael Blumberg, Blumberg Advisory Group, Inc.

Every manufacturer understands the priority of getting their product to market. For over 20 years, the logistics industry has worked to improve, streamline, and rationalize supply chains in order to deliver products as effectively and cost-efficiently as possible. When designing supply chain solutions, however, companies rarely put the same priority on planning for returns, items that are faulty, damaged in shipping or shipped to the wrong client.



Page 22

How Online Front End Support Tools Can Improve Customer Satisfaction and Drive Down Return Costs

by David Cope, MGH Consulting

Over the past dozen years or so, an increasing number of businesses have recognized the need to ramp up their reverse logistics operations to a global capability. Most probably felt that if they were historically local in terms of geographic coverage, the next step would be regional; if they were regional, the next step would be national; and if they were national, certainly, the next step would be international.



Page 32

Reverse Logistics Standards Efforts Moving Forward Lack of Standardized Terms and Best Practices Hurts Reverse Logistics Processes

In the world of Reverse Logistics, there can be a lot of room for frustration, but spending time with suppliers, customers, and people in your own company just to agree on the meanings of words and terms should not be one of them. The Reverse Logistics Association Standards Committee is working to try to improve this situation.



Page 36

Integration of Forward and Reverse Value Chains Moving Forward in Reverse...

by Jeroen Weers, Spring Global Mail

The business of logistics has its origins rooted in the armed forces: where troops needed to be pushed forward to enemy lines, the arms, equipment and provisions needed to follow. The mobilisation of these troops and their supplies were a forward logistics operation, unless you were on the losing side and needed to reverse your manoeuvre.

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Printed in the U.S.A. on paper containing 50 percent recycled content with 10 percent post-consumer material. Reverse Logistics Magazine (ISSN 1934-3698) is published bi-monthly by Reverse Logistics Association. The information presented in this publication has been provided by corporations and is believed to be accurate; the publisher cannot assure its completeness or accuracy.

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

Articles



Page 38

LCD/Plasma Panel Repair - Depot Service

by Gary Logan, BigByte

The only time a service company, LCD/Plasma integrator, OEM or value added reseller should expend the capital and operating expense of performing LCD/Plasma Panel repair is when it is impossible to obtain the service and quality required elsewhere.



Page 41

Corporate Responsibility Programs That Achieve Business Goals and Add Value to the Community

by Richard Wong, Gifts In Kind International and Gailen Vick, Reverse Logistics Association

In a 1970 New York Times magazine article Milton Friedman, a well-known conservative economist, spoke out against public companies' charitable giving practices, calling it a form of theft against shareholders. Fast forward four decades. Today companies actively embrace philanthropy as an important business strategy within their corporate responsibility tenets.

Features

To Our Readers - Letter from the Editor	6	On the Move in RL	33
Wireless News	7	Technical Trends	44
Message from the President	8	Industry Events	47
Industry Committees	11	Returning Thoughts	50
Technology Spotlight	19	Advertiser Index	50
Read the Press	25		



To Our Readers

A Letter from the Editor

It has been two months since an 8.0 magnitude earthquake devastated cities across the south-western provinces of China, displacing more than 15 million from their homes and towns and killing nearly 70,000.

With the help of the Red Cross and organizations like Gifts In Kind and UPS, many have received aid. It's uplifting to learn of so many organizations coming to the aid of those affected. We published a note in the RLA Newsletter about how UPS was helping by contributing logistic services for the delivery of critically needed supplies. That story is repeated below.

In addition, we've learned that other RLA members have also stepped up to help with humanitarian efforts, namely Foxconn, FedEx, Hewlett-Packard, Microsoft, Wal-Mart, Home Depot and Motorola. I'm sure there are many more, please let us know if your company is among the many "Corporate Heros" who have contributed to the relief efforts.



UPS is also making a cash donation of \$500,000 to the American Red Cross in support of Red Cross earthquake response efforts on the ground, led by the Red Cross Society of China. UPS has pledged an additional \$500,000 for in-kind support to aid the delivery of relief supplies. UPS has scheduled

a brown tail flight for later this week into Chendu. The flight is in collaboration with Gifts in Kind, International and the China Embassy in DC.

The UPS Foundation has donated \$200,000 to CARE, the international humanitarian organization, to support its efforts to deliver aid to Myanmar

in the aftermath of Tropical Cyclone Nargis. In addition, UPS is providing in-kind shipping and logistical support and expertise. UPS has sent a UPS supply chain expert to Thailand to manage a warehouse in Thailand, which is a staging area into Myanmar. The warehouse is part of the United Nations' Logistics Emergency Teams in support of the World Food Program's aid efforts.

The UPS Foundation has long been a contributor to disaster relief. The Foundation has contributed funds, logistical expertise and in-kind transportation donations for virtually every major disaster in recent years.

RLA commends UPS for its humanitarian efforts.

RLA founding member UPS is supporting the relief effort in Asia for both the China earthquake and the Mynamar cyclone disasters.

UPS is contributing more than US\$1 million in cash and in-kind support to the earthquake relief efforts in China through its charitable arm, The UPS Foundation.

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, Flextronics, 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.

Wireless News

Cellphone Personality Report

Forget about showing off your palm to fortune tellers. Your cellphone reveals all. No device is more intimate (what else do you put in your face multiple times a day?). Cellphones can intrude into a meeting or rescue you from an awkward situation. As styles and options proliferate, your choice about what phone to pack speaks volumes about who you are—and how you carry on your life. Plus, it's a lot cheaper to tell folks about yourself through a phone than a fancy car.

Growing Trend To Watch: Wireless Healthcare

A text message a day might just keep the doctor away. With more than 2 billion cellphones already in pockets across the world and wireless networks growing faster and more capable each year, mobile technology offers a powerful new platform to deliver healthcare

RFID On Track To Hit \$9.7B

New forecasts released by ABI Research indicate that the total RFID market will turn over approximately \$9.7 billion by

2013, representing roughly a 15% compound annual growth rate for the period from 2008

Forward Looking Features That Could Save Your Life

When fierce storms hit California in early January, submerging streets and felling power lines, Steve Livingston was prepared. Armed with a text message alert from the San Mateo County Office of Emergency Services, he dodged the flood and made it home safely.

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Message from President and Founder of RLA

It is old news to report that the global economy is in a recession. But the important news is how companies are coping with the recession in their industry. How is the supply chain taking advantage of a climate to convince management to deploy those cash saving Reverse Logistics processes that have always been on the back burner? This issue of RL Magazine shows several examples of companies that have solutions that can bring “black” to your bottom line. So make sure you find those case studies and have an internal discussion on how to make changes at your company, fast.

Today, there is valuable information that should be incorporated in your conversations with customers, vendors and your senior management teams for finding those savings that are so needed in this economic climate. Most management is so busy that they miss the discussions that have been held and presented at our RLA Conferences and Expos this last year. Go online and down load those presentations—it is part of your membership!

Now is the time for companies to be ramping up marketing efforts to increase visibility and gain attention of manufacturers and retailers. I constantly hear that many companies want to outsource programs, but they don't have resources to manage or possibly jettison some programs—well now is the time to use RL Quote. You the membership, helped design it, so put it to work for you—it is part of your membership benefits.



Now is the time for 3PSPs to ramp up and gain exposure by advertising in RL Magazine (to our 78,000 readers), by exhibiting and helping those OEM and Retail companies that are looking for solutions. But more importantly, by aligning yourself with the Reverse Logistics Association and making your marketing efforts a lot easier. Many OEMs will be looking for partners to help them solve their financial problems. We've seen large 3PLs announce earnings statements that are less than stellar—this is going to be happening more and more, because of corporate focus on Forward Logistics and missing the cost savings of deploying a comprehensive Reverse Logistics program.

Now is the time for companies in the 3PSP arena to get aggressive; now is the time to put forth full blown marketing efforts and show OEMs and Retailers the cost savings that they need. OEMs and Retailers are looking for solutions—please help them meet their financial missions.

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 Bernardino – Hewlett-Packard Company

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



Gurn H. Freeman – FedEx Corporation

Gurn Freeman is a Director of Worldwide Services for FedEx Corporation, a \$35 billion company that provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce and business services. In his role, Gurn provides leadership for two Government Sales teams in the revenue-generating division of FedEx Services. These two sales organizations have worldwide revenue responsibility and provide logistics solutions for some of the most influential government and state agencies. Gurn also manages a team of highly skilled sales professionals responsible for logistics services and emerging products.



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.



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

Continued, Page 10

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REVERSE LOGISTICS ASSOCIATION

Board of Advisors, Continued

July 2002 and was named Chief Operating Officer in October 2003.



Larry Maye

Larry Maye previously served as the Sr. Director of Global Reverse Logistics at Palm. In this capacity he was responsible for the global repair and logistics for Palm to include repair operations, customer service fulfillment, vendor 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.



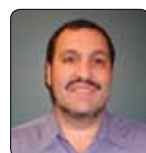
Howard Rosenberg – eBay, Inc.

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 RLA 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:

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Running Your Reverse Logistics Operation at the "Velocity of Business" Part 2

Part 1 of this article explained how a "best-in-class" SLM solution can increase the organization's "velocity of business," and provided detailed descriptions of the key features and benefits of the first three of six major components: Field Service, Depot Repair and Logistics. Part 2 concludes the article, focusing on three areas that must also be addressed by any SLM solution; namely, Sales, Marketing and Professional Services.

If you missed Part 1 of this article, be sure to read how only a "best-in-class" SLM solution can provide users with all of the tools they need to support the total reverse logistics needs and requirements of their customers. Part 1 was originally published in the May/June 2008 issue of Reverse Logistics Magazine.

by Zack Bergreen

4. Sales

A strong Sales functionality ensures that the organization can continue to grow by bringing new customers into the fold. At the very least, this functionality should be capable of consolidating and streamlining the processes that the organization uses for selling its equipment, parts and services from quote generation through order processing, and at all points of customer contact including outside sales, inside sales, contact center sales and field service sales. By enabling the sales organization to leverage both sales and customer service data, smarter and more informed business decisions can be made throughout entire customer lifecycles.

For both field sales and internal sales teams, the sales functionality should be able to provide agents with independent access to real-time data, leveraging the service knowledgebase for convertible opportunities, short sales cycles, profitable margins, and high close rates. These consolidated views of sales and service data will ultimately provide a much clearer

understanding of the overall operations, thereby providing management with a "bigger picture" perspective to drive strategic decisions.

The ability of the system to automate business rules and practices, such as information sharing, forecasting and literature fulfillment, will enable the organization's sales team to focus on revenue generation, rather than on administrative or other non-sales-related activities. Identified accounts, contracts, and other opportunities can then all be shared as part of a team-based sales strategy approach. Company-specific sales methodologies can easily be modeled, with quotas attached to different stages.

Integration with other software suite modules, such as Marketing, Contact Center and Field Service applications, provides visibility into complete customer information, leveraging all enterprise knowledge pools to increase sales opportunities, margins and close rates. These applications can then prompt and empower the organization's customer support and service staffs to both up-sell and cross-sell the company's products and services throughout their ongoing contacts with existing customers and market prospects.

The principal features users should consider in reviewing and evaluating the Sales component of the software suite should include:

- Sales and service integration for a complete perspective of the customer including configurations, service and repair orders, invoices, contracts, returns and exchanges.
- An integrated top-down sales direction and bottom-up sales process management.
- Graphic pipeline management with flexible support of company-specific sales methodologies.
- Contact management with rich content profiles, activity histories and synchronization to the organization's prevailing e-mail functionality.
- Account management for automated assignment and tracking of prospects by industry, etc.

The principal benefits that can be realized through the use of Sales software functionality should include:

- Consolidated sales and service views, enabling more comprehensive business analysis, including trend charts and win-loss analysis.
- Sales planning and pipeline management that facilitates greater accuracy in revenue forecasting and, therefore, business strategy.
- Automated sales territory planning that allows the seamless transfer of information to prevent disruption in sales cycles.
- Increased sales efficiency, productivity, and close rates through automated administrative support (e.g., expense reporting, activity and calendar management, literature fulfillment, etc.).

The sales functionality should be able to provide agents with independent access to **real-time data**.

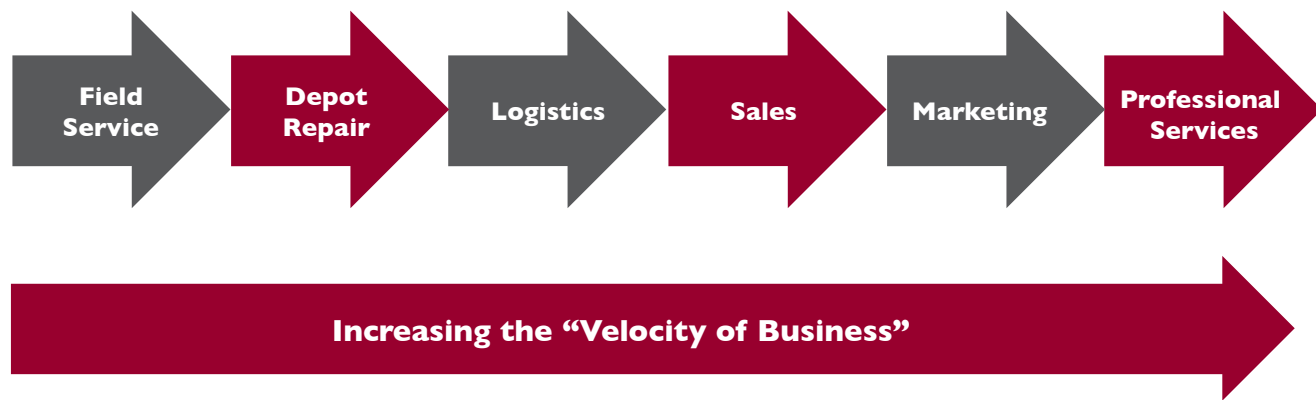
- Greater seamless transition between sales and post-sale service.

5. Marketing

Marketing functionality provides the organization with a closed-loop solution for conducting multi-channel marketing campaigns. The key objective of these types of programs is to transform targeted prospects

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 <div style="position: absolute; top: 10%; left: 10%; border: 2px solid green; border-radius: 50%; padding: 5px; color: white; text-align: center;"> REPEAT COST EVERY CYCLE </div>	 <div style="position: absolute; top: 10%; left: 10%; border: 2px solid green; border-radius: 50%; padding: 5px; color: white; text-align: center;"> PAID FOR IN 2 CYCLES </div>
<p>If you're involved with Reverse Logistics you already know the name of the game is cutting costs and saving Money. So consider the benefits of a Pelican Protector™ Case with a lifetime guarantee; one durable case that gives you an endless number of shipping legs and significantly reduces your packaging "cost-per-use" (when compared to expendable packaging). In addition, Pelican Cases are crushproof and waterproof so you protect your assets by eliminating shipping damage. And there are environmental benefits too as Pelican's multiple use cases reduce packaging disposal and its associated waste.</p> <p>It's simple math: how many shipments of expendable packaging will pay for a Pelican case? When you add together the total costs of expendable packaging usage it's an easy decision."</p> <p>To learn more, call us toll free at 866.934.2556 or visit us online at www.PelicanOEM.com/rlo</p> <div style="text-align: right;">  <p>PELICAN™ <i>You break it, we replace it... forever.</i></p> </div> <div style="text-align: right; font-weight: bold; background-color: black; color: white; padding: 5px;"> THE PELICAN UNCONDITIONAL LIFETIME GUARANTEE </div>	
<p><small>MADE IN THE USA</small> 23215 EARLY AVENUE, TORRANCE, CA 90505 • TEL 866.934.2556 (TOLL FREE) • 310.326.4700 • FAX 310.326.3311 • WWW.PELICANOEM.COM/RLO All trademarks and logos displayed herein are registered and unregistered trademarks of Pelican Products, Inc. and others.</p>	



into revenue-generating customers. This functionality should be able to provide the organization with the tool it needs to cost-effectively design, implement, and measure complex campaigns across all channels (i.e., phone, direct mail, e-mail and fax, etc.). It should also be designed to monitor the ongo-

ing performance of the company's marketing programs to maximize the ultimate return on investment.

The Marketing functionality should enable users to easily initiate programs and establish event attributes, including all critical campaign components, such as marketing collateral

(e.g. brochures, leaflets, catalogs, etc.), offers, pricing, budgets and performance metrics. Access to customers' service histories, contract status and warranty information, along with other traditional information sources, enables creative identification of additional cross-sell and up-sell marketing opportunities. Other sup-

“Marketing is an area where many services organizations fall short without the use of a powerful tool such as that which is included in an end-to-end solution suite.”

ported functionality should include list, offering script and telemarketing management for program execution.

According to Pollock, “Marketing is an area where many services organizations fall short without the use of a powerful tool such as that which is included in an end-to-end solution suite. They may understand service, and they may be blessed with a strong sales force, but even still, they typically require a great deal of help with services marketing. The good news is a true end-to-end solution will provide them with that tool.”

The application's “big picture view” should also enable managers to work synergistically with each marketing channel in order to support overall campaigns with the ability to adjust channel details, such as prospect lists, scripts, budgets or offers incentives, as necessary, to elicit the best results. Integration with other related applications should also enable equipment and services organizations to leverage large amounts of customer information for identifying new potential revenue sources, as well as to maximize customer loyalty and existing customer base sales-related opportunities.

The principal features users should consider in reviewing and evaluating the Marketing component of the software suite should include:

- Unified support of marketing collateral, budgets, lists, notes and performance.
- List management that enables import of spreadsheet and flat files, including de-duplication capabilities for administering multiple databases.
- Ability to link multiple pricing structures, discount tolerances and offers to a single marketing campaign.
- Graphic script management that allows for tailored process flow development.
- Telemarketing support that can be used to distribute scripts, offers and literature, as required, for any given marketing program.
- Seamless integration to field sales for lead management, and service histories for optimized list generation.
- The ability to build multi-channel coordination for pronged, multi-phased programs applied across key customer touch points.
- Graphic script and campaign creation capabilities that facilitate the development and execution of programs by non-technical users.

Collaborative capabilities that ensure tighter coordination between marketing, sales and services functions.

- The ability to conduct comprehensive analyses that examine overall program costs and benefits, including conversions and revenues, associated with campaigns for in-process execution adjustments and enhanced future planning.

The principal benefits that can be realized through the use of Marketing software functionality should include:

A Winning Partner

Our Supply Chain is our business; its competitive advantage is our success and our business's success.

Underpinning our strategic direction and business objectives is our philosophy, mission and vision which is “To understand the real and perceived needs of its customers better than anyone else and to serve them better than anyone else.”

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We continually invest in our market leading solutions and during 2006 Unipart Technology Logistics opened the largest cellular phone repair centre in the UK. Accredited by all major handset manufacturers, the Repair Centre has capacity to repair and refurbish circa 100,000 handsets per month.

Our supply chain expertise and customer focus makes Unipart Technology Logistics the ideal partner for customer focused organisations seeking long term partnerships and market leading solutions.



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or visit our web site:
www.unipartlogistics.com



www.unipartlogistics.com

The Five Focus Areas that Are Critical to Our Customers' Success



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6. Professional Services

The Professional Services model should be capable of supporting the management of “knowledge workers,” such as those deployed by professional services organizations or the internal service departments of larger organizations. It should be designed to simplify project planning, automate deployment and tracking, improve coordination and reduce operating and administrative costs—a tall measure for a broadly-defined services offering. The application should also enable the evaluation and monitoring of project profitability in order to both adjust plans for current projects, as well as aid in management’s ability to more accurately project future programs.

The main purpose of the Professional Services functionality is to provide project managers and their resources (i.e. consultants) with a universal view of all of the information available relating to ongoing projects and tasks. It should also afford a realistic means for capturing and processing associated time and expenses. A process workflow functionality can then be used to support company-specific approval chains for submissions.

The application should be capable of providing full project lifecycle support from quotation, through initiation, to completion. It must also be able to capture both material and time usage, and provide resource management functionality including appointment booking and allocated costs. Private and work-related information such as resources, time sheets, expense reports and forecasts should all be made accessible through a unified point of interaction. In this way, both internal and external (i.e., third-party) resources can be properly managed. To be truly effective, this component of the overall application suite must support more than

just simple job costing functionality, it must also enable the complete automation of project deployment.

The principal features users should consider in reviewing and evaluating the Professional Services component of the software suite should include:

- Custom-tailored user views of professional services tasks and projects.
- Time and expense reporting with their respective approval processes.
- Unified project information including tasks, risk factors, documentation, billing schedules, skill gap analyses and profitability reports.
- Consultant orders and activities for use in engagement management.
- Project collaboration enabling resources and managers to exchange information via online collaboration (e.g., WebEx), project forums and documents.

The principal benefits that can be realized through the use of Professional Services software functionality should include:

- Ability to conduct project profitability analyses through the unification of all information related to a given project.
- Resource management, including scheduling based on skills, roles and availability to increase profitable asset utilization.
- An integrated service system to cost, deploy, track and bill projects to expedite the service-to-cash cycle.
- Automation of work orders, staff scheduling, logistics and parts ordering for improved operational efficiencies.

- Improved competitive advantage through the utilization of the best-available project resources.

Application Extensions

Any and all of the applications that comprise the overall software suite can be augmented and supported through the use of associated analytics, portal and mobile solutions. The ability to employ the use of these added analytic facilities can provide highly visual, real-time analyses of exactly how the business is performing at any given time as well as over periods of time. Customer portals can also allow access to timely and accurate information about customer account or service orders. Integrated mobile capabilities can empower the organization’s field forces to fully participate in corporate goals for revenue optimization, customer satisfaction and customer retention.

Summary

The importance of reverse logistics in the overall services lifecycle is critical. When selecting a CRM application, consider the following five focus areas critical to your customers’ success:

1. Reverse Logistics Management
2. Mobile Workforce Management
3. Customer Management
4. Service Management, and
5. Asset Management.

Since there are many interdependencies that may exist between and among each of these areas, it makes it potentially difficult for many companies to understand the specific cause and effect that can arise if there are problems identified anywhere in the supply chain. However, by effectively managing the entire return process lifecycle across mul-

iple channels, from return/exchange authorization, through to repair, refurbish or retirement, companies can increase customer loyalty, achieve higher asset recovery, maximize call center resources and streamline overall operations.

The use of these added analytic facilities can provide highly visual, real-time analyses of exactly how the business is performing at any given time as well as over periods of time.

Any organization that strives to increase its “velocity of business” will require the tools that allow it to make actionable data more readily accessible, thereby providing it with the agility it needs to achieve sustainable value in less time, and compete more effectively in a growing global economy. In addition to all of the specific features and benefits associated with each of the six software functionalities already described, an effective end-to-end solution should also offer the following additional features in support of their reverse logistics supply chain operations:

- Logistics-related Features - including costing features such as advanced vendor exchange, average costing and serialized costing to add advanced capabilities that further support logistics operations. Additionally, a number of procurement facilities should be included to further support streamlined workflow and increased automation.
- Contract Management Capabilities - allowing organizations to benefit from

improved flexibility through the use of contract templates designed to speed and enable customer-centric contracts, and support both pricing and renewal enhancements.

In addition to logistics and contract management, any reverse logistics management solution should also address asset history; purchasing and receiving; pick/pack/ship tasks; returns and exchange management; repair planning and tracking; repair/refurbish/retire; distributed depot management; warranty and claims management; inventory management and tracking; warehouse management; workload balancing; and spare parts management. Thus, the solution that is ultimately chosen by the organization cannot simply be a collection of nicely packaged software modules; it must be a fully integrated, end-to-end solution that

addresses all of the key aspects and functionality of reverse logistics.

Managing reverse logistics requires a great deal of time, money, resources, tools and patience. Only by choosing an application suite that suits your own unique business situation, can your organization truly attain the level of business velocity that it and its customers seek.



Zack Bergreen is Chairman and CEO, at Astea International, global leader in service management software that addresses the unique

needs of companies who manage capital equipment, mission critical assets, and human capital. Zack can be reached at (215) 682-2500. Astea’s website is accessible at www.astea.com.



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Strategic Evaluation of the Market for Reverse Logistics Management Software

by Michael R. Blumberg, CMC

A lot of attention has been given in recent years to the idea of automating reverse logistics processes and adopting state of the art software. Although most industry participants believe significant increases in bottom line profitability, customer satisfaction and quality can be achieved vis-à-vis systemic and operational (i.e., process improvements) in the Reverse Logistics (RL) supply chain, the amount of investments made to date by businesses involved in Reverse Logistics, does not appear to match the opportunity for improvement which we believe is possible.

To understand the status quo, as well as facilitate adoption, one must look at both the supply side and the demand side of the equation for RL Software. On the supply side, the lack of available off the shelf solutions is one of the primary reasons why RL providers of all stripes (e.g., OEMs, 3PLs, etc.) and sizes for not turning to off the shelf solutions providers. Although there are several categories of vendors (see Figure 1) who offer RL functionality, there does not appear to be a single software vendor category that offers the full breadth of system functionality required in an end-to-end RL Solution. The typical functions in an integrated, end-to-end solution will include:

- Transportation & Logistics Management
- Critical Inventory/Parts Management
- Disposition Management
- Depot Repair Management
- Asset Recovery & Disposal/eWaste Management
- Liquidation Management
- Regulatory Compliance Management
- Business Analytics & Reporting

System Requirements & Vendor Capability

Indeed, a comparative analysis (Figure 2) of RL feature functionality by vendor category identifies potential gaps in the market. As such, enterprises engaged in RL activities have typically been unwilling to invest in commercial off the shelf software, as most systems have been perceived as too limited in scope. In addition, integrating multiple systems into a best-in-class solution does not seem feasible or practical in the short run because it is not clear what value this type of solution will have. As such, software vendors are placed into a competitive situation by selling against existing legacy systems and/or semi-automated and manual processes of RL. This status quo provides a misconception that the RL software market is dominated

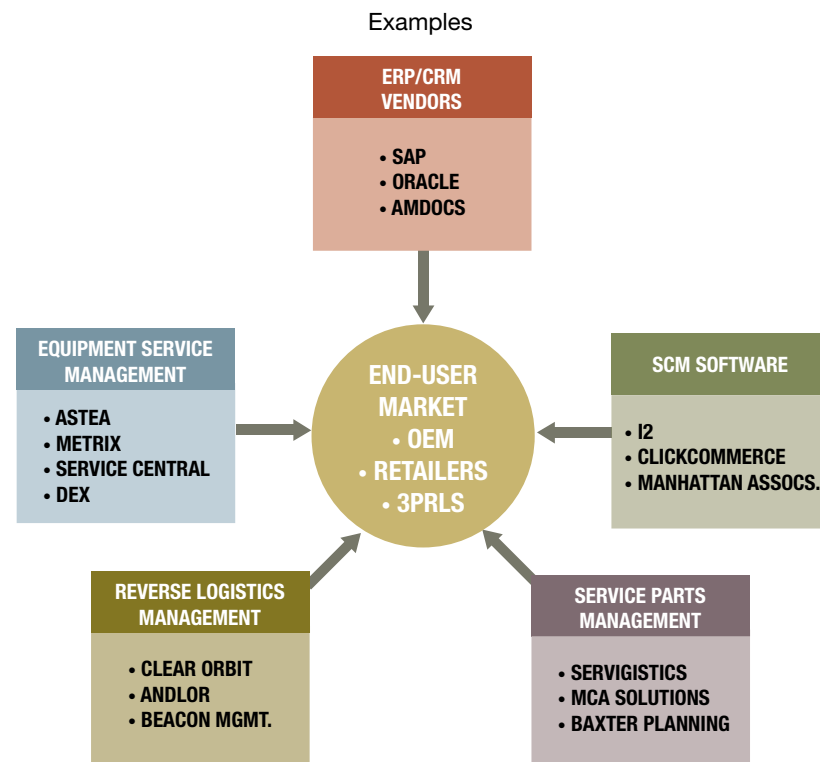
by replacement sales when in fact the need is for new or upgraded systems with expanded software functionality.

Another shortcoming on the supply side is a lack of software functionality tailored to the specific needs of different end-user market segments within the RL industry. It seems that most vendors assume a “one size fits all” from the perspective that RL system functionality is the same regardless of end-user customer demographics. A review (Figure 3) of system requirements by industry segment suggests this is not the case. For example, a manufacturer in the electronics industry will most likely require different RL feature functionality than a retailer in the consumer products industry.

Market Demand

As we mentioned previously, we believe the slow adoption rates are not only due to supply side factors but demand side as well. At issue is the historical difficulty in determining the market value and economics of RL software. From the vendor side, many of the enterprise software vendors have historically looked at RL from a very narrow perspective and viewed RL software as a subset of vertical markets and industry sectors. Furthermore, most enterprise vendors are organized according to vertical industry sector. The problem is that RL software is a horizontal technology which cuts across many different vertical market segments. In essence, the view that many software developers have with respect to RL as a

Figure 1
Overview of Competitive Environment for Reverse Logistics Software



Source: Blumberg Advisory Group, Inc.

Figure 2
Comparative Evaluation of Reverse Logistics Software Functionality

by Software Vendor Category

SOFTWARE FUNCTIONALITY	ERP/CRM	SUPPLY CHAIN MANAGEMENT (SCM)	SPARE PARTS MANAGEMENT	REVERSE LOGISTICS MANAGEMENT	EQUIPMENT SERVICE MANAGEMENT
Warranty & Return	■	●		◆	◆
Recall	■				
Transportation & Logistics	◆	◆		◆	◆
Critical Inventory/ Spare Parts	◆	◆	◆		❖
Disposition	■	●		◆	❖
Depot Repair	◆	●		◆	◆
Asset Recovery & Disposal/eWaste	■			●	
Liquidation	■	◆			
Regulatory Compliance	◆	◆		●	
Business Analytics & Reporting	◆	◆	◆	◆	◆

◆ Out of box ❖ Limited ■ Requires Customization ● Varies by Vendor

Technology Spotlight

Discarded PCs may provide fuel for your car someday!

Can you imagine a car being propelled by a fuel created from parts of discarded computers? Well, a team of Romanian and Turk researchers believes that it may just be possible someday. And the force behind their belief comes from a recycling technique they have developed to convert parts of discarded computer circuit boards into environmentally friendly raw materials for use in consumer products.

HP Labs Advances Sustainable IT with New Research Projects

Hewlett-Packard recently announced new research initiatives from HP Labs, the company's central research arm, aimed at developing new technologies and business models that leave a lighter carbon footprint.

Initially, HP Labs will focus its research in sustainability on three major projects, including: an industry-first initiative to reduce the carbon footprint of data centers by 75 percent; groundbreaking research to replace copper wiring in servers with laser light beams; and tools for measuring and managing the amount of energy used to develop products.

Figure 3
Comparative Evaluation of Reverse Logistics Software Requirements

by End-User Industry Segment ♦ Basic Requirement

SOFTWARE FUNCTIONALITY	HIGH TECH EQUIPMENT	CONSUMER ELECTRONICS	AP-PAREL	CONSUMER PRODUCTS	PHARMA-CEUTICAL	AUTOMO-TIVE/AERO-SPACE	PACK-AGED GOODS
Warranty & Return	♦	♦	♦	♦	♦	♦	♦
Recall	♦	♦	♦	♦	♦	♦	♦
Transportation & Logistics	♦	♦	♦	♦	♦	♦	♦
Critical Inventory/Spare Parts	♦					♦	
Disposition	♦	♦	♦	♦	♦	♦	♦
Depot Repair	♦	♦				♦	
Asset Recovery & Disposal/eWaste	♦	♦	♦	♦	♦	♦	♦
Liquidation	♦	♦	♦			♦	
Regulatory Compliance	♦	♦	♦	♦	♦	♦	♦
Business Analytics & Reporting	♦	♦	♦	♦	♦	♦	♦

subset is too myopic and makes it difficult to determine the market size and forecast for RL software. The fact of the matter is that many enterprise software vendors assume

It seems that most vendors assume a “one size fits all” from the perspective that RL system functionality is the same regardless of end-user customer demographics.

the RL market is small or does not exist simply because they do not have a true handle on the market size as result investment in and promotion of RL software is not made.

In an attempt at “cutting the Gordian knot,” we have commissioned our research on the size of the RL Software Market. Our analysis suggests that market for RL related software, containing functionality as described above, represents a \$1.0 Billion in North America alone. The market is anticipated to experience a Compound Annual Growth Rate (CAGR) of 12.7 % over the next 5 years. These market estimates are reflective only of end-user segments involved in the support of electronic, electro-mechanical or electrical components. As such, the market is potentially larger when apparel, packaged goods, consumer products and pharmaceutical segment are considered.

More important than the size of the market on advancing RL system adoption rate, is the ability of both vendors and end-user organizations to determine the financial impact of systemic improvements on RL operations on bottom-line profitability and top line revenue. Typically, the need to automate RL business functions and processes is identified at an Operations level and as a result,

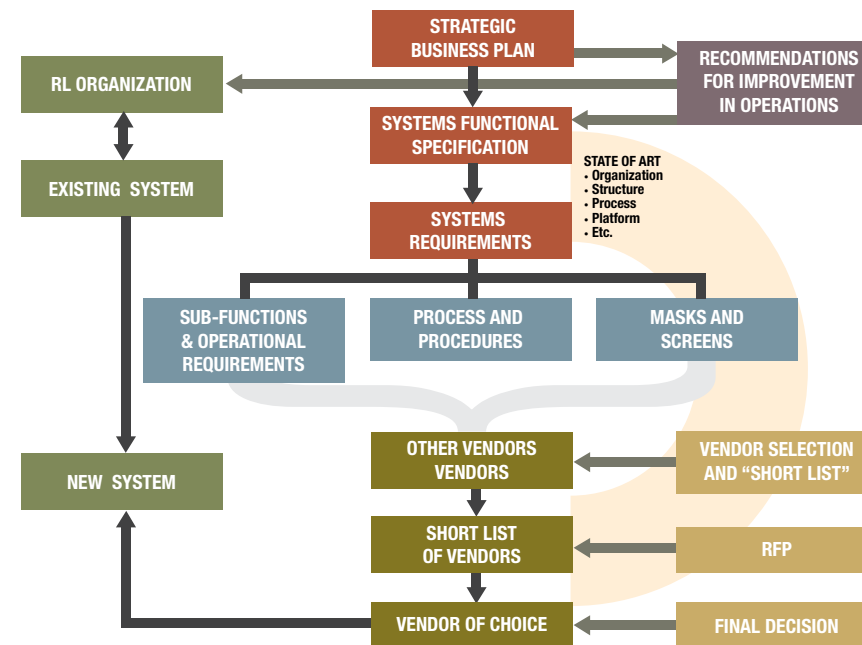
most vendors have focused their sales efforts on managers and executives of RL Operations. These efforts have often led to failure and frustration among all parties because the C-Level buy-in could not be obtained.

The fact of the matter is that decisions regarding the purchase of enterprise software are not simply made on the basis of the ability of these systems to improve operational performance but also of the ability of these systems to improve financial performance. These are exactly how decisions are made in the ERP, CRM, and SCM markets. Operations and Sales & Marketing Executives have been able to identify not only how new software functionality allows them to capture, track, and report on metrics related to operational performances but also demonstrate the impact of the functionality on financial performance. Experience shows that the C-Level suite puts a greater priority on acquiring new software functionality when they understand how this new software can both measure and impact financial performance of the company.

Summary & Conclusions

Our research and observations indicate that there is huge pent up demand for fully integrated, end-to-end solutions in the market. It may be a matter of time before a single vendor or group of vendors step up to the plate with a fully integrated and robust solution. However, vendors who can create a business case based on improvements in financial performance, will facilitate the usage of best-of-breed solutions within the market. Vendors are thus advised to conduct primary research on market needs, requirements, unmet gaps and willingness to pay, in order to size the market and demand. End-users in turn are advised to conduct the appropriate level of analysis and plan-

Figure 4
General Systems Development Process



ning in order to build the business case. The optimal approach involves the structured framework identified in Figure 4. This approach involves development of RL System Functional Specification based on review of the company’s strategic plans and analysis of functional gaps within current systems. The functional specification should require a definition of requirements with respect to process & procedures, masks and screens, etc. A state-of-the-art evaluation should be conducted in parallel to further define requirements and identify potential vendors. A Request for Proposal (RFP) should then be submitted to a short list of qualified vendors leading to the evaluation and selection of the vendor of choice. This structured framework ensures a dis-

ciplined, focused and efficient approach, in terms of both time and cost, to selection and implementation of an optimal software solution.



Michael R. Blumberg is a Certified Management Consultant (CMC) and President & CEO of Blumberg Advisory Group, Inc. His firm focuses on providing strategic and tactical assistance to client organizations for improving the overall profitability and quality of after-market service operations. Mr. Blumberg has established himself as an expert and industry authority on Reverse Logistics and Closed Loop Supply Chain Management.

It's not a returned shipment ... it's an opportunity to delight your customer.

ClearOrbit's software gives you better visibility and control over your returns process — regardless of whether you use in-house resources or third-party providers. Better visibility and control helps you understand why returns are happening, which ultimately adds up to lower costs and happier customers.

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 Learn more about optimizing your returns process at www.clearorbit.com/RLA1
 Call us at 800.324.5143 or visit www.clearorbit.com for more information.



How Online Front End Support Tools Can Improve Customer Satisfaction and Drive Down Return Costs

by David Cope

It is common place that senior executives pay reverse logistics much less attention than forward logistics operations. Whilst many recognise the cost saving potential in returns management, it is often made up of disjointed short programs which tend to fade away once senior management lose interest, or whilst there is healthy sales growth. However, as market pressures increase, manufacturers and retailers are recognising that managing returns and minimising the associated cost is a prerequisite for corporate survival.

In the UK alone, retail returns costs the industry over £6 billion a year. This figure becomes even more alarming when dealing with consumer electronics, where return rates can range from 3% to 20%. Returns are therefore a major issue due to high return rates, high costs and WEEE responsibilities. These costs are further pronounced when you add logistics costs incurred through home delivery returns, storage and warehousing and administration costs. How is it possible for a company to survive if 1 in 5 products sold come back? Returns not only impact margins, they have significant effects on customer loyalty, market share and ultimately perceived brand value.

These return rates deserve even more focus when you consider that a high percentage of returned

products are perfectly functional. Research into the mobile phone industry reveals that over 63% of returned goods are 'no fault found' (NFF). This represents considerable costs for the manufacturer, the retailer and essentially the customer.

“Returns of products that do not easily link together or work like consumers believe they should is costing manufacturers, communication carriers and electronics retailers almost \$14 billion a year in the United States.”

Reuters 2008

Whilst it is true that high return rates for consumer electricals can be attributed to design flaws and interoperability issues, a large percentage of customer returns are related to issues with settings, connectivity or simply because the customer could not work the product. A product may be reported as defective by a customer for several reasons:

- Customer struggling with functionality/usability of the product
- Product doesn't meet expectations (perception issue)
- Difficulty connecting with other devices (e.g. TVs, DVD players)

- Settings problem
- Customer abusing returns process
- Specific product issues

Ultimately product returns are an inevitable part of product sales, however due to its huge impact on margins, returns are something that retailers and manufacturers cannot ignore. With a rise in online sales, a proliferation of non-specialist electrical retailers penetrating the market and a down turn in assisted sales, product returns are expected to increase significantly over the coming years.

As a result, a growing number of companies have started looking at new ways of reducing returns, in particular reducing the number of non-defective products coming back through the channel all together.

How can knowledge management tools help you improve service?

The UK retail climate is dominated by relaxed returns policies. 'No quibble' returns have become common place and in a drive to maintain customer loyalty, retailers have found themselves accepting products which they know may not be faulty.

The key challenge for retailers is how to offer adequate after sales support across a wide range of products, with low skilled, time constrained and often transient staff. In the same vein, with many manufactur-



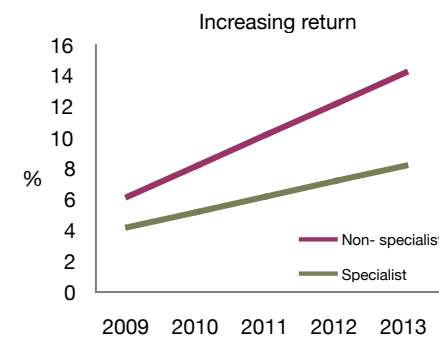
Guided search to help the customer make more of an informed selection.

Online help for product issues, support with connecting with other devices, settings and trouble-shooting.

Can be used to support non technical retail staff in resolving technical issues rather than exchange product

Used by call centre staff to automatically diagnose and offer solutions to problems

ers outsourcing support networks to more cost effective channels, they too face the problem of offering adequate customer service (that is in line with what the re-



tailer expects) at an acceptable cost.

In an attempt to reduce costs yet improve customer service, some companies have started looking to knowledge management systems that automate the diagnosis and resolution of customer problems.

Knowledge management systems allow customers to solve product problems in the convenience of their home either on-line or over the phone. They enable technical support teams to resolve complex product issues remotely and provide a platform to transfer knowledge/information quickly and effectively to a range of customers and support staff.

Five key advantages of implementing knowledge based systems to help optimise support services:

1. Reduces the time spent training staff on technical issues, frees up staff time spent on returns and leads to better returns management.
2. Stores and maintains a significant level of information which is easily accessible and transferable.
3. The system can be leveraged across different levels of an organisation including shop front staff, call centres and can also be used by technical

- engineers to quickly diagnose complex problems.
4. Reduces costs and environmental impact of no fault found returns significantly.
5. User friendly, simple to operate, delivers customer satisfaction and helps to reduce return volumes.

Summary

With a proliferation of liberal returns policies, increased innovation and a

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Around 25% of total return costs are absorbed by the retailer. With many retailers moving to own brand offerings with a bought out warranty strategy, the return costs to the retailer for this channel will be 4 times as high.

move towards more distance selling, return rates are on the increase and this trend is likely to continue. Consumer electricals has one of the highest return rates in the market and its costs are significantly higher than comparable sectors. The return cost on one item typically nullifies the margin of two others sold. Therefore product returns is something senior management cannot ignore.

Whilst the monetary cost of returns can be easily measured, the less visible effects such as impact on market share and brand dilution

are equally as damaging on margins. Returns management and after sales service must be an integral part of any company's sales strategy. Service is the key differentiator in today's market and the companies that invest in the right knowledge management tools today will reap the benefits in years to come.



David Cope is Founder and Managing Director of MGH Consulting with 21 years experience in After

Sales Service and Supply Chain Management including major operational roles in Xerox and ICON with multi-million Euro P&L responsibility. He also has Global Consultancy experience as a Principal in Pricewaterhouse Coopers. David has managed the successful delivery of major change initiatives in some of the largest global service operations.

If you are interested in the issues raised in this article please contact David at David.cope@mgiconsulting.co.uk or visit the MGH website at: www.mghconsulting.co.uk.

MGH Consulting is a specialist consultancy focused on after sales care and reverse logistics for high technology and consumer electronics sector.

Read the Press

Computer Reuse Key to Reducing Carbon Footprint and Saving Energy for U.S. Businesses

Redemtech today revealed that raising reuse rates of desktop and laptop business computers in the U.S. to the level of the rest of the world would:

- Save enough energy to power every home in Phoenix, AZ, America's fifth largest city, for a year (653,000 households).
- Reduce carbon emissions by the equivalent of that produced by 462,000 passenger cars in a year.
- Reduce solid waste equal to the weight of 2,490,000 bricks.

CMGI Acquires PTS Electronics

CMGI, Inc., a global leader in supply chain management services, today announced it has acquired PTS Electronics (PTS), one of the largest independent consumer-electronics service repair and reverse logistics providers. The all cash transaction is valued at approximately \$45 million. The transaction is expected to be cash flow positive, but neutral to earnings in fiscal 2008, and accretive to earnings in fiscal 2009 through a combination of planned revenue growth and operational synergies.

Forward Thinking about the Aftermarket

Service-parts logistics can be a cash cow for the increasing number of companies that offer this service to their clients. Achieving flawless execution—often on just two hours' notice—is a challenge for both shipper and provider.

Nokia Kicks Off Free Cell-Phone Recycling

While forward-looking, sustainable handsets, like Nokia's Remade and Eco Sensor Concept are being developed, the number of unused mobile phones is estimated to grow to over 155 billion over the next year. Thus, with cell phones' current lifecycle of about 18 months and shrinking, the Finnish mobile tech giant decided not wait for its ultra-savvy concepts to hit the market and do something about the mounting pile of e-waste now.



The fifth annual Reverse Logistics Association Conference & Expo in Asia/Pacific will be held on October 7-9, 2008 in Singapore at Le Meridien Singapore Hotel. Attendees from throughout the South Pacific and Asia as well as many other international delegates will network with peers and key industry professionals and discuss today's most relevant RL issues. ODMs and OEMs will be looking for 3PSPs that can manage Reverse Logistics in North America and Europe, along with identifying Service Logistics solutions for the Far-East.

Third Party Service Providers (3PSPs) will be exhibiting their Reverse Logistics services and solutions. The focus of 3PSPs will be to help Asian 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. This is a great opportunity for 3PSPs to sit down face-to-face with the key outsourcing decision makers from the major OEMs and Branded Companies.

Session topics range from field service, RMA, help desk/call center to mergers & acquisitions. 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.

Don't miss the Keynote Address on Tuesday, followed by sessions presented by RL professionals and leading academics, plus panel discussions. Topics include:

- Supply Chain and Leadership in Today's Reverse Logistics Market
- Final Disposition of Assets in the Global Reverse Logistics Supply Chain
- Creating Value from Returns - The Design of Service Networks

For more information on RLA Conference & Expo Singapore, please visit:

www.RLASHows.com



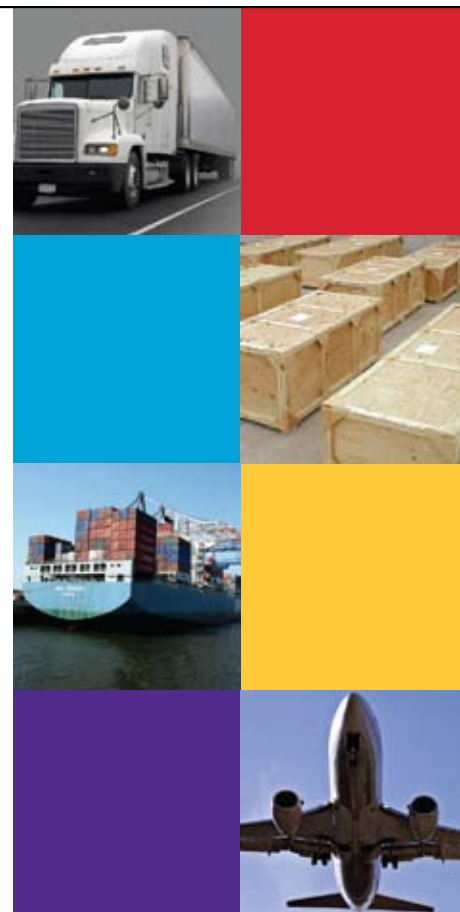
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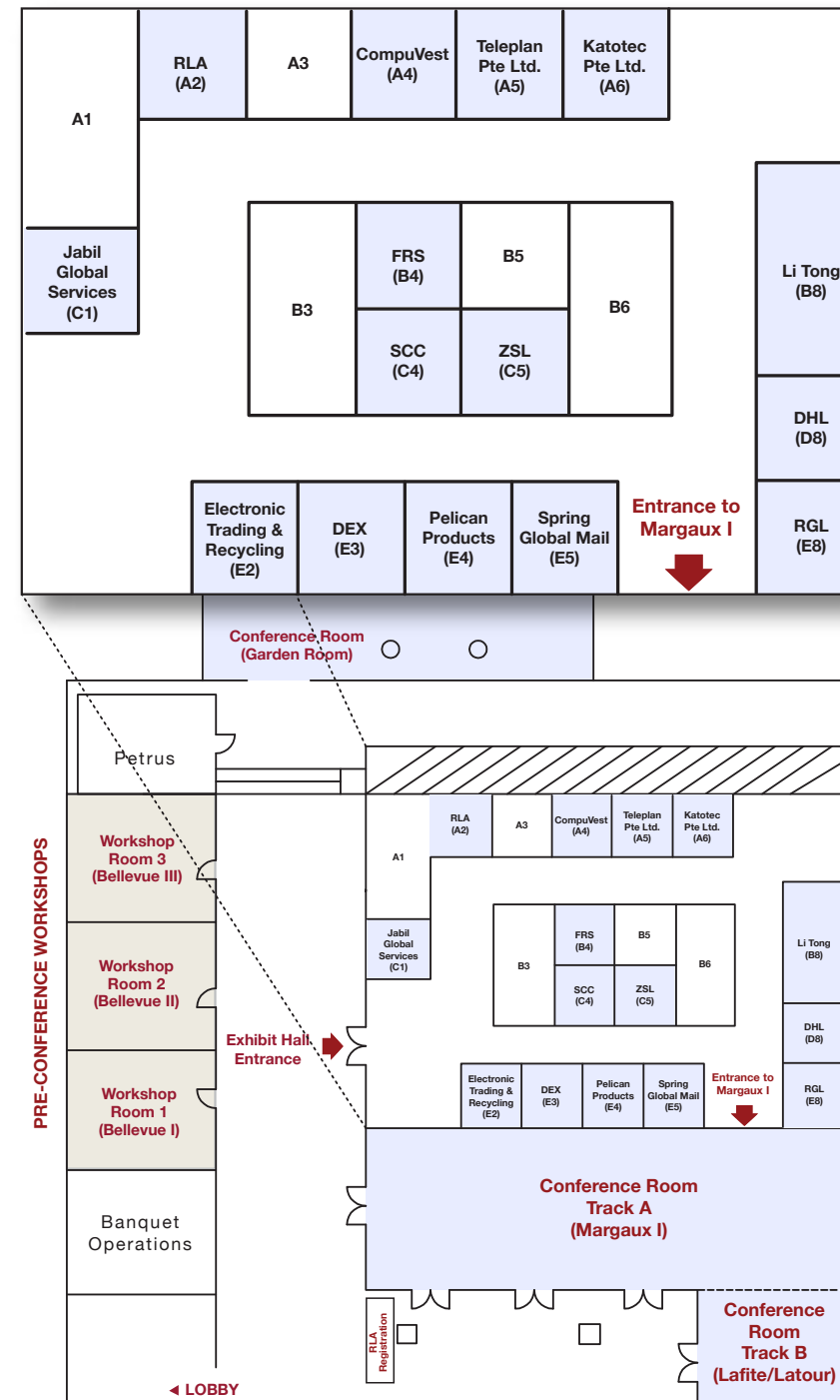
Conference Schedule

TUESDAY - OCTOBER 7, 2008		
9:00AM - 4:00PM	RLA WORKSHOPS	
	Room 1	Room 2
	Global Solutions for Sustainability, RoHS, WEEE	Successful Outsourcing - RFQs, Contracts and SOWs Best Practices - Lean Repair and Reverse Logistics Trends
6:00 - 8:00PM	RLA Reception for Event Exhibitors, Sponsors and Speakers - Exhibit Hall	

WEDNESDAY - OCTOBER 8, 2007		
8:30AM	EXHIBIT HALL OPENS	
10:30AM	Welcome Remarks - Industry Overview, Size and Forecast	
10:00AM	Keynote Address: Major Challenges Facing Reverse Logistics	
12:00 - 1:30PM	BUFFET LUNCH - EXHIBIT HALL	
1:30PM	Track A	Track B
	Supply Chain and Leadership in Today's Reverse Logistics Market	Design and Implementation of RFID based Product Lifecycle Tracking
2:30PM	Challenges in Business and Technical Operations Associated with Global Support	Thinking Forward in Reverse Logistics
3:30 - 4:00PM	Intermission - Refreshments - Exhibit Hall	
4:00PM	Panel Discussion: Methods of Outsourcing	Creating Value from Returns - The Design of Service Networks
5:00 - 7:00PM	Round Table Discussions - Don't miss this opportunity to talk directly with the Conference Speakers and also your RL colleagues to determine the best solutions to your RL challenges.	

THURSDAY - OCTOBER 9, 2007		
8:30AM	EXHIBIT HALL OPENS	
9:30AM	Track A	Track B
	Unlocking Value in Reverse Logistics	Final Disposition of Assets in the Global Reverse Logistics Supply Chain
10:30 - 11:00AM	INTERMISSION - REFRESHMENTS - EXHIBIT HALL	
11:00 AM	Panel Discussion: New Ways to Streamline Operations, Drive Profits, and Delight Customers	Evolve or Become Extinct! A RL Model to Deliver Expanded Shareholder Value
12:00 - 1:30PM	BUFFET LUNCH - EXHIBIT HALL	
1:30PM	Creating Value from Returns - The Design of Service Networks	Cradle to Cradle; Product Re-birth, The True Goal of Recycling,
2:30PM	Panel Discussion: Increasing Customer Loyalty and Managing Environmental Challenges,	How Repeat-Use Packaging Solutions Can Reduce Costs and Enhance RL Practices
3:30PM	Closing Remarks	
4:00PM	LUCKY DRAWING for MP3 Players, DVD RW, Portable DVD Players, External Hard Drives, Digital Cameras (you must be present during the drawing to win,) sponsored by Toshiba	

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Reverse Logistics – Turning “Green” to Gold.

by Kevin Steele and Emily Rodriguez

Traditionally Reverse Logistics functions have suffered from benign neglect and have been perceived as too complex to automate or to get fully under control. The reality is that effective processes can be developed, and good solutions have recently become available to automate repetitive activities and provide flexibility to address the many variables involved. However, finding budget dollars and getting top management support for changes, improvements and capabilities continues to be a challenge.

In today’s worldwide competitive marketplace, the launch of a truly new, creative product is quickly followed by competition offering multiple choices with the same look, feel and function. Most companies realize that post-sales service is a critical differentiator and the means for customer retention. This has brought a greater awareness of Reverse Logistics and a greater willingness to enhance the capabilities for managing returned product, including its disposal if it does not go back into normal sales channels.

Regardless of this improvement in perception and support, it is still a fairly reactive approach. Typical objectives for improvement have been focused on response time, which is driven by customer demand, and to reduce cost, which is driven by internal demand. Reverse Logistics, being a service organization, has responded to its customers, both internal and external. “However, rarely has Reverse Logistics had the opportunity to lead the charge for changing how things work and to demonstrate its potential for affecting customer perception and the financial results of the company.

A new opportunity for Reverse Logistics is forming across industries, and it is the reality that companies must be more environmentally conscious, focus on sustainable practices and materials, and become more socially responsible corporations. This is often referred to simply as “Green”. Recent studies show

that consumers are looking for suppliers that are good environmental citizens:

“Sustainability and other environmental issues will increasingly influence shopping behavior: Sustainability aspects that were identified as most important to consumers in their future buying decisions were energy/water usage (named by 87% of respondents), waste reduction/management (85%) and sustainable manufacturing features (84%).” -- Cap Gemini survey June 2008

Wal-Mart has discovered through its own studies that consumers prefer to buy products from “Green” companies, but are not willing to pay much of a premium to do so. As a result, Wal-Mart is demanding that suppliers hold the line on prices while they become “Green”, and has implemented an improvement timeline that will be enforced through quarterly business reviews and regular scorecards. These trends will inevitably lead to the “Green” spotlight being focused on Reverse Logistics.

“Green” may be the best opportunity Reverse Logistics has ever had to support initiatives for product designed for service and the environment, to lead the education of employees, suppliers and customers in “Green” supply chain initiatives, and to bring its immense business value to full visibility inside the company.

Reverse Logistics already works within regulatory and environmental limits for control of toxic chemicals and the disposal of excess or un-repairable materials. Scrap and recycling vendors are common partners, and the asset recovery process is part of daily activity. Some Reverse Logistics teams may see this as fulfilling the requirement to support corporate “Green” initiatives. True visionar-

ies in Reverse Logistics recognize that several areas are opening up for both educating their companies about Reverse Logistics while being on the leading edge of the charge inside their companies toward the ultimate goal of becoming “Green.” Five key areas of opportunity are outlined below:

1. Returns Prevention and Warranty/Repair Policies

Most Reverse Logistics professionals would argue that returns prevention and the setting of customer policies belongs to Sales and Customer Service. By the time Reverse Logistics gets involved it’s a done deal. They would also argue that Sales and Customer Service too often ignore or discount the ideas coming from Reverse Logistics about return policies and opportunities to reduce NTF (No Trouble Found) returns. However, as complex products and services continue to increase the likelihood of NTF returns, all recommendations for prevention of returns become more valuable and attacking the problem from a cross-functional viewpoint becomes more essential.

The opportunity here is for Reverse Logistics to highlight options available to improve service and reduce cost in light of supporting “Green” initiatives. Reducing NTFs is possible if there are customer incentives or consequences involved in returns policies. Business customers who are looking for their suppliers to reduce their carbon footprint (total impact of energy use and carbon emissions) will understand the need to eliminate wasteful activity. However, if Sales and Customer Service organizations are to change, they will need to understand the impact these returns have on their own company’s costs and carbon footprint.

Reverse Logistics must work with its partners to determine the full impact

of today’s wasteful or unnecessary activities and calculate the potential benefit of improved efforts. That information must be shared with Senior Management and with the organizations that develop corporate policies. What’s particularly significant here is that any reduction in wasteful activity is also a reduction in cost in the Reverse Logistics organization, and therefore in the company as a whole. Customers who apply more stringent controls will also experience savings through reduced handling, greater product availability and reductions in accounting activity.

2. Logistics

Reverse supply chains will have to be reexamined as the trade-offs between transportation costs and labor costs are changing significantly. This may drive changes in warehouse locations, repair operations locations and must be a factor in evaluating potential outsource partners. If today returns and repairs are supported by one centralized, regional location, with the result that many shipments travel long distances with a negative impact on fuel consumption and carbon emissions, then Reverse Logistics will need to calculate and compare the pros and cons of centralized vs. localized handling and repair, and to show potential savings and positive environmental impacts of being closer to the customer.

Another area of focus is that when customer demand is for immediate response and resolution of a product problem, the most common reaction is to respond by expediting the shipment of the product back to the supplier or to one of its partners. This is seen as the fastest way to get resolution of the problem and trigger credit, warranty replacement or repair. The opportunity here is fairly obvious. If a company can avoid small, expedited shipments there is an opportunity to save cost and to decrease the amount of carbon

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emissions from transportation carriers, thereby reducing a company's own carbon footprint.

It does require a change in today's model, and may involve holding more available inventory to allow a replacement, already repaired, to move forward as soon as the returning product starts its trip back. This may also require a change in the process used to receive incoming returns. Warranty validation and condition verification would need to happen immediately upon receipt of the product to ensure that the return conformed to expectations and entitlements. Technology and sophisticated processing are already available and in use by leading edge companies today, but even with manual processes early validation would provide needed protection against a fraudulent return while still reducing cost and improving a company's total carbon footprint.

3. Repair Operations

The goals for repair are typically very simple: reduce turnaround time (TAT) at the lowest cost while maintaining an acceptable quality level. Whether outsourced or done in house, Reverse Logistics should be looking at the total cost of current operations. Repair facilities must look at all their costs including energy consumption, waste generation, and reuse/recycling programs as well as their entire Supplier network. Another example, TAT is often used as the main element in consumer electronics decision making, but what leading edge companies are discovering is that business customers should not be focused entirely on TAT. What really matters to them is not falling short of product for customer replacements. Therefore, the correct metric is "days of on hand inventory" and not TAT. This approach would involve a change in the metrics used, a closer relationship with the customer to pro-

vide visibility to days of on hand inventory, and a means of tracking any stock out situations. Reduced pressure on repair providers would result in better and more accurate handling, reduced cost of freight, reduced emissions from transportation providers and the potential to reduce emissions in repair facilities through a more linear and more efficient flow.

4. Recycling and reuse

Recycling and reuse is very challenging for a majority of companies as forecasting field failures and the corresponding need for parts is still very difficult. Some companies hold on to product for years in the hopes of recovering some residual value by finding a customer who will take the obsolete parts and products. Others have standing policies that after there has been no demand for 90 or 120 days, that goods should be sold off or disposed of. Reverse Logistics teams know that neither of these may be the right answer if these policies are controlled by Finance or Procurement—and based solely on their perspective.

Reverse Logistics has an opportunity here to affect both the awareness and the result of parts planning. A number of very good products exist to assist the planning and forecasting of parts supply, but more importantly, if implemented properly they can provide a more accurate picture of when parts or products should be liquidated. Whether handled by software or addressed manually, as total demand for parts decreases, selling off excess or obsolete product in a timely fashion and not waiting for years can be a significant benefit. Another opportunity is to implement reuse programs for parts to reduce the amount of new parts that have to be procured and consumed as part of the repair and refurbishment process. When demand has disappeared or there is proprietary

design involved, moving the parts into recycling at the correct point in the process allows reclamation of base metals and other components. Overall lower inventories decrease the impact of warehouse energy use and emissions, and bring back some value through reclamation of usable materials.

If a company plans on owning the disposal responsibilities for packaging, Reverse Logistics will need to develop a plan for how to accomplish this corporate goal with the lowest environmental impact and at the lowest cost.

5. Product Design for Environment and Service

Product will be designed with the environment in mind through use of sustainable materials and improved packaging. However, the need in Reverse Logistics to easily service products and to reduce the amount of material waste will not produce a "design for service" unless Reverse Logistics is able to gain a voice in the design process and factually demonstrate the impact on their operation.

All of these activities have a significant impact on Reverse Logistics cost, and carbon footprint results, yet they are often not exclusively under Reverse Logistics control. Every Reverse Logistics professional has been frustrated when told to reduce costs but also to expedite handling, repair and shipping. Who in this area has not looked at the inventories that were either constantly short or had many more years of supply than needed?

So how does Reverse Logistics pull this together and present a more complete solution that supports a company's "Green" initiatives?

In order to be successful, "Green" initiatives must positively impact

a company's carbon footprint and bring ultimate cost savings. Many companies launch their corporate initiatives by evaluating product design, manufacturing and packaging, but for a company to be truly "Green" it must look to all functions that impact the environment. There is no doubt that Reverse Logistics will soon find themselves in the customer and corporate spotlight. After all, it is Reverse Logistics who manages the use and disposal of parts and products.

If Reverse Logistics is not prepared to present a cohesive plan to meet corporate "Green" initiatives, it will most likely experience what has happened in the past. Customer Service and Sales will want a faster, better response while demanding that Reverse Logistics reduce the energy usage and carbon emissions in their logistics providers, and repair centers, in order to achieve better marks on customer scorecards.

Senior Management will look for support of "Green" initiatives while asking Reverse Logistics to hold or drive down costs. They will be unwilling to change customer policies related to product returns and warranty support without understanding the specifics of current impacts, and the details of potential savings and

opportunities for "Green" Reverse Logistics activities.

The diagram below highlights the areas that Reverse Logistics owns and where it needs to provide visibility of the impacts and available options as companies go "Green" and look for cost savings.

Reverse Logistics staff have had to build expertise and capabilities as business needs have changed, and many have done so successfully. The Reverse Logistics industry has evolved to the point where associations are looking to provide certification capability, and both titles and salaries recognize the amount of skill needed to manage this complex area. The Reverse Logistics operations in many companies have provided improved service at reduced cost. However, Reverse Logistics has often been the recipient of bad financial decisions regarding inventory of parts and products and of unwelcome demands from Sales and Customer Service to support programs that have not considered the impact on Reverse Logistics.

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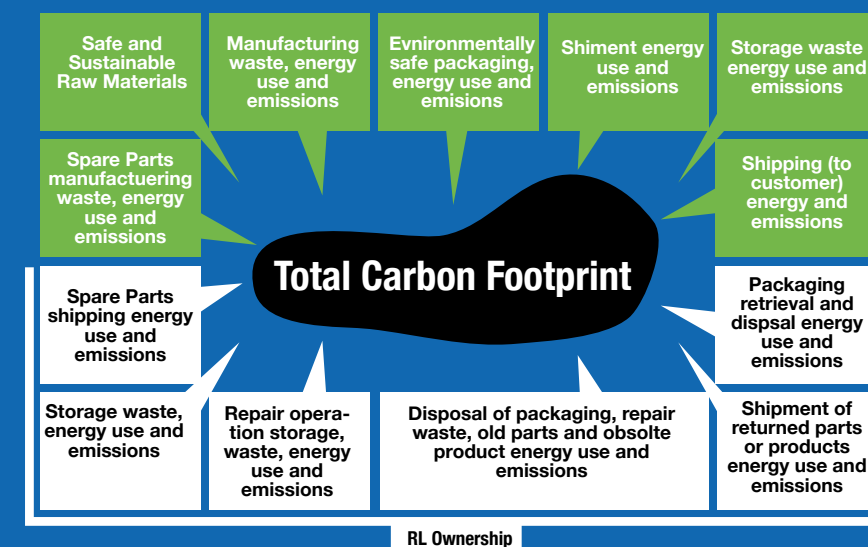
For possibly the first time, Reverse Logistics has the opportunity to lead the charge in support of new "Green" corporate initiatives and to bring new practices, benefits and cost savings to their companies. Turning Green to Gold will happen only in organizations who have the management sophistication and experience to develop the new vision, and who can find a way to gather the facts and details needed to launch effective initiatives.



Kevin Steele's twenty-year career has been focused on working with companies ranging from start-ups to multi-billion dollar corporations. He is noted for his expertise in product development acceleration, manufacturing and supply chain process improvement, strengthening customer support operations, and international logistics management.



Emily is a Senior Consultant with The Results Group, with over 25 years of logistics and supply chain experience, and a special focus in the area of returns management. She is a frequent speaker, workshop presenter and has had a number of articles published on the reverse logistics industry.



Reverse Logistics Standards Efforts Moving Forward

Lack of Standardized Terms and Best Practices Hurts Reverse Logistics Processes

In the world of Reverse Logistics, there can be a lot of room for frustration, but spending time with suppliers, customers, and people in your own company just to agree on the meanings of words and terms should not be one of them. The Reverse Logistics Association (“RLA”) Standards Committee is working to try to improve this situation.

Members of the Standards Committee recently spoke with some RLA members, to see some of the problems caused by a lack of standards, and how they could benefit from them.

How Can Standards Help

Many people outside of Reverse Logistics do not appreciate the challenges and issues unique to Reverse Logistics, and the lack of standardized terminology can make it even harder for them to understand.

Stop Re-Inventing the Wheel – “Time and time again I see our staff and partners trying to re-invent the reverse logistics wheel” says Tony Sciarrotta, the Director of Returns Management at Philips Electronics. “Standards or guidelines would provide us all with a baseline to begin our analysis or discussions.”

Building a Business Case – “Most people are unfamiliar with Reverse Logistics, so it is difficult to build a business case” says David Henry of the Reverse Logistics team at Home Depot. “Published Standards could make a project plan easier to understand, compare and sell.”

Identify Reverse Logistics Opportunities– “Standards could help us all learn new practices” says John Slothower, Manager of Innovation,

Services at Best Buy. “They will allow us to compare our processes with a standard and identify areas for improvement.”

Where Can Standards Help Your Business

There are a number of ways that standards can simplify decision making and the sharing of data.

Terminology – Reverse Logistics uses lots of specialized terminology, such as RMA, NPF, Advanced Replacement or B stock. Everyone we spoke with suggested the first place they need standards help is with terminology. “Terminology often creates a lot of confusion” says Frank DeSpain, Senior Director of Business Solutions for Supply Chain and Services at Flextronics, “Standard definitions will help ensure we all understand clearly what is being discussed.”

Return Process Guidelines and Best Practices – “A common criteria for success could help us assess and set our priorities” says Slothower from Best Buy. While each company has different needs and requirements for handling returns, there is a lot of commonality to processing returns, especially within an industry segment. Standards or guidelines for some of these processes would be very beneficial to the industry.

Some suggested areas of benefit could be:

A Reverse Logistics Process and Cost Model – “An end-to-end processing and cost model would extremely beneficial as a reference tool” outlines DeSpain from Flextronics, “often our clients are not sure of the full process and what services might be available to help them, particularly if it is out of their scope of control. A Standard reference model could help them understand the entire process, assess how they are performing in that process area, and better understand how decisions in one part of the process may impact or provide considerable savings for another step in the Reverse Logistics process.”

Return Authorization Format and Data – “It would be beneficial for retailers and manufacturers to agree on the information needed when products are returned” says Sciarrotta. “Philips can more effectively reduce returns if they have good data to analyze such as serial numbers or good reason codes from the retailers.”

Grading Guidelines – Best Buy often sells open box consumer returns individually or in bulk, but there are no guidelines to grade the items. “Best Buy could recapture a much higher value for the online resale of returns if there were reliable grading standards for the condition of returned goods. Currently an online buyer of 24

On the Move in Reverse Logistics

Newport Computer Services recently announced the appointment of **Mike Thomas** as Executive Vice President of Operations. Mike joins NCS from Dell Inc., where he led groups in logistics, manufacturing, Six Sigma project consulting, and asset recovery services. In his new position, Mike’s responsibilities will include: Exploring a wider geographical footprint; strategic partnerships; and assisting with business development and relationship enhancements.

uBid.com Holdings, Inc. recently announced the appointment of **Glenn Weisberger** to the position of Executive Vice President. At uBid.com Holdings, Weisberger will serve in both a business development and legal advisement capacity. Weisberger is an accomplished lawyer and Certified Public Accountant with over 20 years experience in both the online and entertainment industry’s complex legal and financial arenas, serving in several Chief Financial Officer and General Counsel roles throughout his career. Most recently, Weisberger served as both General Counsel and Chief Financial Officer for Silicon Valley-based Navio Systems, Inc

Agnitio Management Consultants recently announced the formation of a partnership among three long-time reverse logistics veterans. **Bert Munnikhuis, Eric Miller and David Meldrum-Taylor** worked together at Flextronics, Solectron, Teleplan and Magnetic Data Technologies. Bert also served as a founding Board Member of the Reverse Logistics Association. Their shared expertise allows Agnitio Management Consultants to offer a full suite of know-how to potential customers. For more information, please visit www.agnitioconsultants.com.

Encompass Group Affiliates, Inc. an integrated company serving the reverse logistics industry recently announced that **Mr. Brent Berry**, a

seasoned industry expert, has joined the organization as Vice President of Sales. Mr. Berry will be responsible for sales enterprise-wide, concentrating on the combined services and offerings of Encompass Group companies Vance Baldwin and Cyber-Test.

Mr. Berry was previously Director of Sales for Data Exchange Corporation and held prior executive sales positions with DecisionOne Corporation and Dell Computers, both located in Austin, Texas.

Inmar, the parent company of CLS, CLS MedTurn, CMS and Carolina Services has named **Joseph M. O’Donnell** as the company’s new CEO. John Whitaker, founder and Inmar CEO since 1980, will remain on the Board of Directors.

O’Donnell formerly served as Chairman of the Board and Chief Executive Officer of Artesyn Technologies, a leader in design, manufacturing, and sale of electronic subsystems recently acquired by Emerson. With 6,000 associates, the company operates globally as an outsourcing supplier for computer and telecom companies.

ATC Technology Corporation, provider of solutions for logistics and refurbishment services, recently announced that **Bill Conley** is retiring as President of the Company’s ATCLE business unit. **Antony Francis** will succeed Bill as President of ATCLE. Antony joined ATCLE in July 2007 as Vice President and General Manager, OEM Services. He brings over 39 years of experience in the Supply Chain industry across both domestic and international markets. His background includes operations and finance and he has a comprehensive understanding of the 3PL business.

Bill has agreed to continue to provide services to the Company through a consulting arrangement for certain special projects.

“Terminology often creates a lot of confusion. Standard definitions will help ensure we all understand clearly what is being discussed.”

- Frank DeSpain, Flextronics



“Time and time again I see our staff and partners trying to re-invent the reverse logistics wheel. Standards would provide us all with a baseline to begin our discussions.”

- Tony Sciarrotta, Philips Electronics

pallets of “B Grade” laptops has a difficult time assessing what he is buying until he actually receives and inspects the goods.”

Return Guidelines – With hundreds of vendors at hundreds of stores, returns processing still involves a great deal of judgment by the staff person handling the items. Standard Guidelines for returning goods to vendors would be helpful to retailers by reducing judgment decisions with specific rules, processes or defined criteria.

Guidelines for Reconciliations – Sciarrotta at Philips suggested that “discussions between retailers and manufacturers to outline guidelines for reconciliations would be helpful,” so agreement can be reached ahead of time for the treatment of issues. For example, in the case of a missing component such as a remote control, the retailer may not be entitled to receive a full credit on the returned unit.

IT Capabilities, Communications and Reporting – “Communication, data transfers, reporting, forecasting methods and data are all different with each manufacturer. Unfortunately the differences are often driven by a lack of IT capabilities rather than best practices,” explained DeSpain from Flextronics. “These IT restrictions often inhibit change or an ability to evolve.” Standards for data exchange, processing and forecasting would be very helpful to enable Reverse Logistics improvements and progress.

Industry Problem

John Slothower at Best Buy said that they work with hundreds of different vendors, and many of the vendors have different terms and definitions. It can be very confusing to work and to keep track of what each vendor means by the various terms.

Common Terms and Best Practices

One of the ways the RLA is trying to improve life for RLA members is by working to develop a “Lexicon” of consensus definitions of reverse logistics/warranty terms and best practices. Many terms have different meanings in different industries, and the RLA Standards Committee is working to come up with a common set of definitions for the whole reverse logistics vocabulary.

The Standards Committee is developing an online set of terms, definitions, and best practices at <http://tikiwiki.reverselogisticstrends.com/tiki-index.php?page=Reverse+Logistics+Lexicon>.

Helping someone figure out what the possible meanings of a term is often the first step. For example, does “EOL” mean “end of life” or “end of lease?” Clicking on “EOL” brings up a page where the person gets a choice of these two possibilities.

Best Practices

Another important aspect of this Lexicon is that it will become a place to store and share best practices on all kinds of Reverse

Logistics activities. In addition to collecting terms and definitions, the Lexicon will eventually become a place to turn to see what other Reverse Logistics professionals have suggested as the best practices for a particular activity.

The Importance of Warranty Activities

One of the areas of particular interest for the group is in the area of warranties. As an earlier article by Ken Purfey outlined, (“Warranty Standards Using XBRL,” March/April 2007, pp. 43-45), a new standardized language for sharing business information is being developed, called XBRL (for extensible business reporting language, if you wondered). This language is still fairly early in the development process, and the reverse logistics community has an opportunity to have input in the development of terms and processes related to reverse logistics and warranties. Look to learn more about XBRL in the next issue of this publication.

“Standards could help us all learn new practices. They will allow us to compare our processes with a standard and identify areas for improvement.”

- John Slothower, Best Buy

The Financial Accounting Standards Board (FASB), which develops the Generally Accepted Accounting Principles (GAAP) that all accountants have to abide by, are also interested in warranty activities, because different companies are currently using very

different methods and practices. One company may hold 6% of its revenues for warranty reserves to cover warranty-related expenses, while another firm might hold 12%. Is this because one company has twice as many warranty expenses, or is it that the second company just puts more of expenses under the “warranty costs” heading? The answer is important, because the amount of warranty reserves can influence the stock price, in the end, which means that the Securities and Exchange Commission (SEC) is also interested in this issue.

These other organizations are interested in defining what are warranty activities, and best practices for warranty activities, despite the fact that the personnel in those organizations may not be involved in the day-to-day execution of vvv activities.

By developing the Reverse Logistics Lexicon, we may be able to define these terms for ourselves, and have these organizations use our definitions, instead of having them define our industry for us.

How You Can Help

The first goal of the Standards Committee is to create a list of all of the terms Reverse Logistics professionals need access to, and to keep the list as accurate, relevant, and up to date as possible, as the world and the field change and evolve.

To keep it current, the Lexicon is set up as a “Wiki,” which means that any registered user can edit it. Unlike Wikipedia, which can be edited by anyone on the planet, our wiki can only be edited by Reverse Logistics professionals. We hope it will become a place

for debate about best practices and standards.

We are looking for volunteers to help add more terms to be defined, and to refine the definitions for the terms we already have. If you would like to get involved in the process or participate in the conversation, send an email to Ron Tibben-Lembke at rtl@unr.edu, or Paul Rupnow at paul@andlor.com, and we will get you a password to join the conversation.

If you don’t want to become directly involved, we would still very much like to hear any feedback you may have about new terms that need to be added, corrections to existing terms, other improvements to the Lexicon or how the Standards Committee can help

you improve your Reverse Logistics operations.



Dr. Ron Tibben-Lembke, Associate Professor, Supply Chain Management, University of Nevada And Chairman of the Reverse Logistics Association Standards Committee



Paul Rupnow is the Director of Reverse Logistics Software Systems, Andlor Logistics Systems Inc. And Editor at

ReverseLogisticsProfessional.com And Reverse Logistics Standards Committee member

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Staging & Integration

Integration of Forward and Reverse Value Chains

Moving Forward in Reverse...

by Jeroen Weers

The business of logistics has its origins rooted in the armed forces: where troops needed to be pushed forward to enemy lines, the arms, equipment and provisions needed to follow. The mobilisation of these troops and their supplies were a

ketplace as efficiently as possible. Because manufacturers believed in the product, they did not expect to see many of them return, so Reverse Logistics became the stepchild of many business logistics operations. For the last decade, however, companies have started to realise that

Reverse Logistics is an important part of the logistical chain. Not only can it be extremely cost effective for businesses, it also delivers tremendous added value to the customer's overall experience of a brand or company if a product return is handled well. And herein lies the key to establishing a professional reverse logistics, or returns service.

Today's customers are very demanding. We all know this. With the help of the internet, people know what the market has to offer in terms of price and product features. While price plays an important role in what product a customer is likely to buy, the customer will also be equally

businesses large and small, wherever they are based across the world.

The power of the internet and people's shopping habits have only served to make the point more evident. Comparing and purchasing products on line is as normal as going to the stores for a purchase. Internet sales are increasing exponentially every year and now count for more than 10% of worldwide sales. When a product is bought on the internet, returning the product to the store is not an option. Here mail solutions play an important role. Goods are sent to the customer via parcel mail, and if the customer wants to return it, they will do that via the mail as well.

But what if the purchase is done on a foreign website? How would you return the product then?

Businesses that think ahead outsource their logistics to companies who can provide one international mail solution for the forward logis-

tics as well as the reverse logistics process. The product is sent via international parcel mail. Within the shipment, information is included about what a customer should do if something needs to be returned – either via a receiver pays or sender pays return label. All the information regarding the outbound and inbound logistics (fully track & traceable) is gathered in one IT system.

It might also be the case that a customer needs to return a faulty product for repair or replacement. This means that the repaired or replacement product needs to be forwarded to a customer again. In this case, an IT system that provides the information of the inbound and outbound shipment is essential for a good follow up towards the customer and to close the case, once the issue has been resolved.

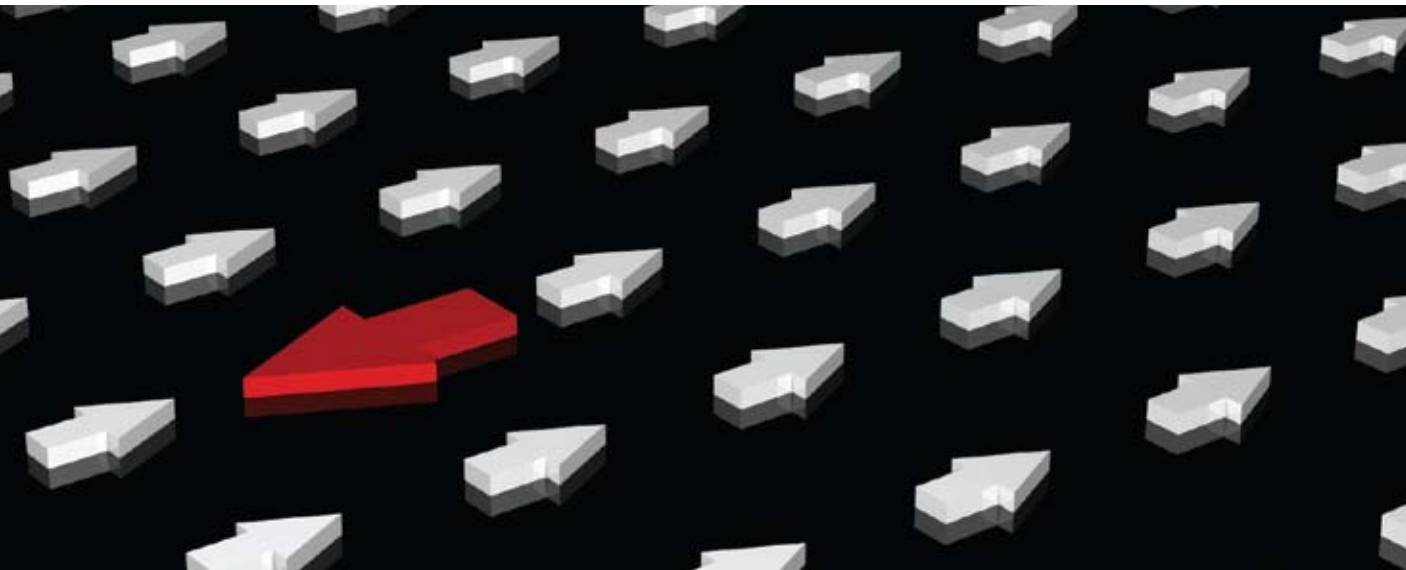
Customers are getting more demanding and better informed. Maybe it's time you thought about making better

use of the technologies and reverse logistics experts who will enable you to better serve and inform your customers and win their hearts and minds. Integrate your forward and reverse logistics value chain, take greater control of your costs, and steal a march on your competitors today.



Jeroen Weers is Development Manager RML for Spring Global Mail. Spring Global Mail is the world's largest independent mail

company and has more than 10 years' experience in reverse logistics. Combining Parcel solutions for forwarding goods and Spring's innovative Reversed Mail Logistics solutions, Spring Global Mail is able to offer its customers a closed loop solution for e.g. internet sales and repair / replacement flows. www.springglobalmail.com/returns



forward logistics operation, unless you were on the losing side and needed to reverse your manoeuvre. To undertake logistics studies on this would not demonstrate a lot of faith on the military strength of your army, so it was a subject often sidelined in army strategies.

The same could be said for the 20th century approach to logistics. Large product manufacturers focussed entirely on optimising forward logistics, studying how best to push products into the mar-

Because manufacturers believed in the product, they did not expect to see many of them return, so Reverse Logistics became the stepchild of many business logistics operations.

observant of the product's brand image. It needs to suit their identity and anticipation. A product's brand image, carefully constructed with the help of many marketing dollars, should therefore match with the customer's expectations.

A customer willing to pay premium price for a product that will heighten his status or image, will also expect premium service. In this light, the after sales service, of which reverse logistics is a key part, becomes a vital component for

I  Reverse Logistics



We at Spring love Reverse Logistics, not only because we help product manufacturers to take control of their product return flow, but also because we give their customers a free, fast and easy way to return the product.

If you love the idea of a returns solution like this, call Spring on +31 20 500 8222 or visit us at www.springglobalmail.com/returns.

LCD/Plasma Panel Repair Depot Service

For many types of equipment repair, in-house servicing may be the best solution, but doing LCD/Plasma Panel repair in-house can be both difficult and very expensive.

by Gary Logan

The only time a service company, LCD/Plasma integrator, OEM or value added reseller should expend the capital and operating expense of performing LCD/Plasma Panel repair is when it is impossible to obtain the service and quality required elsewhere.

In other words you should choose the in-house route only if the issue becomes business survival—otherwise look outside.

To construct staff and operate an LCD/Plasma service and support facility can cost hundreds of thousands of dollars. By carefully selecting an outside depot, companies can realize additional profits by reducing the management efforts and the money spent on what becomes an in-house “do-it-over again” operation. Those resources instead can be used to find a reputable outside depot for a “do-it-right-the-first-time operation.”

In-house versus Depot Organizations

In the past, most high volume LCD integrators established in-house depot repairs as soon as warranty returns began interfering with product manufacturing. The operation may have been a single spot in the clean room or a bench in the corner of manufacturing under a flow hood but nonetheless a repair depot.

The industry was forced into this position in the early days of the laptop because the only one who knew anything about repairing the LCDs were the companies supplying the LCD and the companies building the computers. Because of the volumes and the expense to construct and staff an LCD repair operation, this is no longer the case. With some investigation, companies can find a depot that will cost effectively meet their LCD repair requirements. The question is where to begin...

To shop around for LCD/Plasma repair service and make a decision, is not a simple task. However, some straightforward and common sense guidelines can be used to evaluate a situation in a large corporation as well as a small one. Approaches to the technical questions of what kind of facility, test and processing equipment, technical capability, training and experience that you should

look for are available in this article. The management issue of vendor research, evaluation, quote techniques, basic vendor psychology and vendor facility evaluation, are also included. The answers to these issues combine to provide the tools required for an absolute make or buy decision, or the long-term management decision of outsourcing LCD/Plasma repair.

Requirements for LCD/Plasma Repair

The first step in a search for LCD/Plasma is to understand some of the similarities and differences between them. Both are different in construction, yet share similarities in design and testing. The most important consideration between the two is the need for a contaminate-free environment when replacing the polarizer on a LCD panel in contrast to a Plasma panel which has no polarizer requirement. Other, less significant differences are size, LCD can be as small as your cell phone panel of 1 inch, while Plasma starts at 42 inches; LCD has a backlight illuminator while Plasma does not; and LCDs use liquid crystal filled tubes while Plasma is gas filled. The types of defects between the two can vary as well. An example would be Mura (a defect in the panel cell structure that appears as color bleeding) and burned screen on Plasma caused by the same image being displayed over a period of time. The most common similar defect is the need to replace a COG (chip on glass) or COF (chip on film) using a process referred to as TAB (tape automated bonding). These transistors provide the matrix to drive rows and columns of pixels. There are additional requirements such as test equipment, repair procedures, processing equipment, tribal knowledge, clean rooms and facility space to be considered. It is recommended to visit an operating LCD/

Plasma repair facility and ask for a tutorial on the product repair, so you can be aware of all requirements.

Getting Started on Choosing a Repair Depot

Set goals. This is the beginning of the management aspect of the task. To set goals for a comparative/competitive analysis to help decide on the selection process, establish a list of criteria that a repair depot must be able to meet in order to be considered a potential vendor. Who are you dealing with, what is their track record in the industry, who are their customers and references, where are they located, can they meet your immediate and future needs, are they ISO certified, are they equipped, do they have a proper organization, and what is your gut feel when you talk with them. The answers to questions like these will require an effort to become educated about panel repair and can prevent the premature commitment of the company's resources.

Research available resources. Find out who is in the business. Make contact with sales directors and ask for any information available on the company, its officers, its range of services and a price list. This information should contain the background and expertise of management, the number of years in business, the breadth and width of their overall skill level and financial standing. This is most important because many “talk the talk” but few, because of the expense and skill required, can actually provide a full service repair.

Ask contemporaries who they use for their panel repair and why. Get specific details as to why one particular depot is better than another. Note the responses and save them for future consideration. Make sure your contacts are using the same frame of reference you

have established for yourself. Use this information as a tie breaker, if necessary, after you have narrowed the field to a few candidates.

Learn about your product. Familiarize yourself with the panels your company has on contract. Most panel suppliers are documented by manufacturer in their OEM operating manuals, which usually contain comprehensive text and graphics about the product. Also a reputable depot welcomes the opportunity to educate customers about the products they service. Do not underestimate the knowledge to be gained, and how important it is to help you make the right choice.

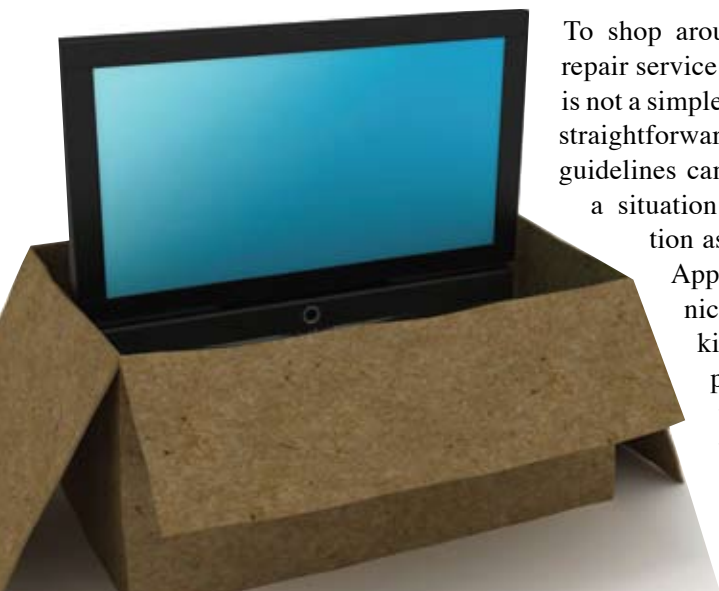
Learn about panel repair requirements. Before getting too serious about visiting a potential vendor, learn as much as possible about the service being sought. Learn what facilities and equipment are necessary to repair LCD/Plasma panels. Learn what key processes are required in the repair, and ask what amount of testing and what kind of results should be expected.

Use the “known defect.” Repair depots are competitive and will generally let prospective customers sample the service to be provided, if selected. One of the worst mistakes to make is committing company resources to a vendor who cannot deliver. It is best to test the vendor with a sample panel that has been defect characterized down to a known repair action and cost. This action will require some investment of time and effort but will pay enormous dividends. It is the best method available to determine the integrity and skill level of the personnel to be dealt with. Many times companies spend far in excess of the initially agreed to price and miss their commitments, because a vendor could not deliver as promised.

Feasibility review. The real work begins once the repair vendors have been selected for a visit, after they successfully pass the known defect test. By now you should have some understanding about the product, and your own requirements. Processing panel repairs requires a system similar to most production operations. First a facility is required with adequate space, depending on the volume of repair needed. A depot that processes a moderate volume per month should have at least 15,000 to 25,000 square feet of space allotted for shipping/receiving, storage, processing, administration, sales, and most importantly, an adequate certified class 100/1000 clean room. Equipment used for processing panels varies with the size of the panel. Many existing vendors cannot process large panels due to equipment limitations. Ensure the vendor can process your size panels now and will be able to accommodate your future needs or you will find yourself going through this process all over again.

Documentation. The depot must have documentation to support its processes. While there are limited recognized industry standards about the process, materials and techniques available for flat panel repair outside the OEMs, reverse engineering and years of experience have allowed depots to successfully provide this service. Most of these techniques are proprietary to the specific company using them and are generally passed down to the workforce as “tribal knowledge.” It can literally take years to establish the relationships required to operate efficiently in this arena. Do not underestimate the value of the vendor's ability to acquire the correct materials and their acquired skill to know how to use them.

Repair Training. There is no independent body that I am aware of,



Anyone can buy the equipment to repair FPDs but not everyone has the knowledge or ability to use it correctly. And, all equipment is not created equal.

who is recognized as a certifier or the standard for the flat panel repair industry. The closest body of work related to the FPD (flat panel display) industry is SID (The Society for Information/Display). However panel display OEMs/integrators are known to independently certify vendors they have selected to support their warranty programs. These certifications are not standardized and can differ from OEM to OEM. The advantage of being certified by an OEM/Integrator allows the vendor to have access to material and information on the specific OEM products. Each depot should undertake the responsibility to obtain and document as much information and establish criteria for in-house training and certification of its personnel.

Repair capacity. If considering a high volume of FPDs, you should be concerned about output ability. Output is directly related to labor & test standards, product yield and the availability of resources. Any impact in these areas will impact the depot's and your ability to meet commitments. Explore the vendor's flexibility and resourcefulness prior to engagement.

Shipping and Receiving. The receiving area should allow pallet and

container deliveries, and be equipped to unpack, identify and inspect for shipping damage. Recordkeeping techniques, product identification for tracking, preparation for transport and method of transport are key items in this area. The shipping area should have adequate space, packing material and a system in place that will ensure safe travel to the customer's destination. FPDs are sensitive to shock and vibration and can easily be damaged by mishandling.

Processing. Processing an FPD requires a large and un-encumbered floor space to stage them for physical inspection and pre-test. An FPD requires visual inspection to ensure there are no fatal physical defects such as broken glass. Fatal mechanical defects are removed from the lot and placed in abeyance until MRB disposition. Transportation dollies are required for product movement, and tools and fixtures are required for stability and ease of movement. Pre-test identifies no problem found panels and routes them to burn-in, as well as identifying panels with repairable defects which are routed to repair, and non-repairable defects which are routed to MRB for disposition. All panels are tracked through their routes until they are reintroduced as a lot in the shipping area.

Processing equipment and training. Anyone can buy the equipment to repair FPDs but not everyone has the knowledge or ability to use it correctly. And, all equipment is not created equal. How does the vendor determine what is wrong with the panel? What test equipment is being used and what capabilities does it have? Is it window-based pc driven or self contained? How many different patterns can it generate? What size panel can it drive? Do I have to buy any accessories to use it on different panels? Not understanding the

test and processing vendor capabilities can cause monumental delays. Polarizer removal and replacement equipment as well as a bonding machine to apply COG & COF, and for large panels an autoclave to evacuate air bubbles from underneath the polarizer on glass are required. Also a LCD burn-in chamber is required to test NPF and intermittent problems.

Some of the equipment referred to can take three to six months before an operator is efficient in processing panels. Ask for training records and a complete equipment list used in the process for your engineering staff to review.

Benefits of using a depot facility. Most of the reasons for in-house repair have all but disappeared. Nowadays with a reputable, successful depot, comes a wealth of technical information, trained personnel and as much or more capability regarding any process or data acquisition system required by even the most demanding user. Thus the need for in-house control of repair and service facility has been replaced by the competitive willingness and capability of depots. If a manufacturer already has the overhead in place, this is cause enough for re-evaluation; if not, the first place to look is outside. It is less costly to use an outside source, and management and capital resources can be used instead to select a service depot that will meet your flat panel service and support needs.



Gary D. Logan-CEO and founder of BigByte Corporation, a 20 year old Silicon Valley-based company specializing in the warranty management of rotating memory devices and 65 inch to one inch LCD and Plasma panels.

Corporate Responsibility

Programs That Achieve Business Goals and Add Value to the Community

by Richard Wong and Gailen Vick

In a 1970 *New York Times* magazine article Milton Friedman, a well-known conservative economist, spoke out against public companies' charitable giving practices, calling it a form of theft against shareholders. Fast forward four decades. Today companies actively embrace philanthropy as an important business strategy within their corporate responsibility tenets.

Corporate Social Responsibility (CSR) Defined

CSR, (also called corporate responsibility, corporate citizenship and responsible business) is a concept whereby organizations consider the

interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment. This commitment seems to extend beyond the statutory obligation to comply with laws and regulations, and involves organizations voluntarily taking steps to further improve the quality of life for employees and their families as well as for the local community and society at large.

Product Giving On the Rise

While there are many tactics that companies employ in the area of CSR, over the past few years there has been an increase in product donations generated by corporations. According to The Conference Board's 2007 Corporate Contributions Report, non-cash gifts—including company products, property, equipment and other material donations—made up the largest portion of all corporate contributions in the United States, comprising about half of overall giving.

Consumers Keenly Interested in Corporate Responsibility Practices

Consumers are also increasingly interested in companies' social responsibility practices. A 2007 Golin-Harris Corporate Citizenship





Donating consumer products has long been a win-win for companies because they can promote their brand and enhance their supply chain management performance.

study (“Corporate Citizenship Gets Down to Business”) finds that 76 percent of Americans agree that corporate citizenship is an investment that contributes to business success and competitive advantage. And, according to Cone Inc., a Boston-based public relations firm, for most Americans “doing good” has become an expected business strategy. Further, Cone’s 2007 Cause Evolution Survey indicates 83 percent of Americans say companies have a responsibility to support causes; 92 percent have a more positive image of a company that supports a cause with which they are concerned and 87 percent say they will likely switch from one product (price and quality being equal) to another, if the program is associated with a good cause.

Increased Concern about Corporate Sustainability

Companies, consumers and the general public at large have heightened interest in the reduction of corporate environmental footprints as part of the overall CSR area. The greening of the supply chain may well be one of the most prolific trends of our time, driving corporate decisions on inventory management. From product sourcing, packaging, facilities management and green transportation to reducing waste management, companies and consumers alike are keenly focused on sustainability. According to a re-

cent consumer environmental study by Cone, 93 percent of Americans believe companies have a responsibility to help preserve the environment. With the increased consumer and corporate attention to this matter and

the costly expenses associated with disposal and re-disposition activities, the time has never been more appropriate to harness product donations as a disposition option in the inventory management toolkit.

How to Launch a Product-giving Program

With increased pressure to demonstrate social responsibility, today’s companies realize the need to align their giving programs with business needs, business objectives and branding.

Donating consumer products has long been a win-win for companies because they can promote their brand and enhance their supply chain management performance by eliminating reverse logistics and providing viable solutions for returns and non-salable items. Companies can also receive tax benefits for product donations that are used to help children, the sick or the needy. For inventory donations provided to certain types of public charities, companies are eligible for a tax deduction of up to twice cost.

Each company has its own unique business and philanthropic goals, product or service line, target audiences, corporate culture, industry-related issues and geographic scope of operation. All of these things should be considered before creating a product-giving program. Each company should define what success would look like for their programs. Goals should be ambitious, but realistic. Once they are set, it is time to begin developing the programs that can help achieve your company’s overall business and philanthropic goals.

As companies plan their giving programs, they should ask the following questions:

- What are the company’s top three business goals?
- What are the company’s top three target audiences?
- What are the company’s current philanthropic goals and how are they linked with its business goals?
- If the company has issued CSR reports, what is the overall message of these reports?
- Which audiences do you want to target through the programs? What impact do you wish to have on these audiences? (be specific)
- What product or service does your company offer that could be used in a product-giving program?
- How could this product help people or communities?
- What internal and external stakeholders should be involved in the program development?
- Should the company’s product-giving program be focused locally, regionally, nationally or internationally?
- Are there current business challenges that could be resolved with such a product-giving program (loss prevention, supply chain issues such as returned inventory, discontinued models or old packaging, employee retention and morale, etc.)?
- How will such a program be managed and do you have the necessary resources (staff and resources for managing logistics, transportation, charity recipient vetting, evaluation, etc.)?
- Is there an issue that you could use to highlight such a program (cause marketing)?
- Should you partner with a non-profit organization that could help manage the program or highlight the issues you propose to solve?

- How will you evaluate such a program to make sure it is having an impact on your target audience?

Keys to Successful Product-giving Programs

Product-giving programs that achieve business goals and demonstrate community impact share a few important traits. As you develop your program, be sure to keep the following in mind:

- Align your product-giving program with your business objectives
- Be authentic—corporate citizenship is a commitment to doing good, not simply a check-off or public relations opportunity (greenwashing—the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service—is on the minds of today’s consumers, so they are looking more closely to make sure your programs are legitimate)
- Select capable partners (look for innovation, flexibility, accountability)
- Ensure the recipients of your donated products have been thoroughly vetted (in order to get the highest tax break allowed by law, recipients of your products must be helping the needy, the sick or children; recipients cannot use the donations for fundraisers or raffles, give them to volunteers or staff or sell them in any manner)
- Define your desired social outcomes and benchmarks
- Develop a detailed budget for the program
- Recruit influential champions, then engage your employees
- Measure and evaluate—focus on your business, philanthropic and sustainability goals
- Share your positive news

Final Thoughts

It is never too late to consider including the donation of products in your company’s business and philanthropic plans. Whether your product donation activity is a planned strategy or a way to address inventory situations that arise during the normal course of business, the benefits can be enormously satisfying for the business and the community.

Other Sources:

The Conference Board (www.conference-board.org/utilities/pressDetail.cfm?press_ID=3315)

Golin Harris (www.golinharris.com/cap_specialty_change.htm)

Cone, Inc. (www.coneinc.com/content1091)



Richard Wong is President and CEO of Gifts In Kind International, the eighth largest charity in the United States, and the leading charity in the field of

product donation innovation assisting nearly 50 percent of the Fortune 100 companies with their product-giving strategies. For the past 15 years, he has guided both large and small organizations to realize their vision and reinvent their mission and helped to raise more than \$600 million in contributions. More recently, Richard was the CEO and Co-founder of Richmond-based HumaniLink, L.L.C., a management, technology and fundraising consultancy that leverages advanced communications strategies to improve nonprofits’ efficiency and accountability. Simultaneously, he also founded Strategic Partners Advertising in 1996, an advertising agency that served commercial clients, also based in Richmond.



Gailen Vick is the Reverse Logistics Association Founder and President.

RL Research



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Cost Savings Through Quality Alignment of New and Refurbished/Repaired Wireless Devices

Outline:

Wireless carriers (carriers) and Original Equipment Manufacturers (OEMs) often mandate that the quality outcomes for repaired product must exceed the quality performance for new products in order to be acceptable. The basis for the disconnect between quality targets and measures for refurbished/repared handsets and the designed quality of the new product equivalent is complicated. There are many aspects of the Reverse Logistics (RL) processes that directly impact the cost of bringing the refurbished/repared handset up to quality targets. First, realize that these are long standing issues and there is no intent to cover all of the complexity surrounding this problem in a single magazine article. Rather, our objective is to frame this quality problem in terms of RL processes and provide some thoughts to foster further discussion. Because of the RL supply chain intricacies, solutions must manage to address issues that touch almost every element of the RL supply chain and also bridge some uncharted political turf. The benefits, however, are worth the effort.

The Problem:

For most mobile devices, quality requirements for refurbished/repared products will exceed quality expectations for new product equivalent. Both carriers and OEMs negotiate static quality level requirements for repaired product with their third party repair providers (3PSPs). Whether it is for simplicity sake when writing contract terms or due to an idealized vision of actually reaching a standard quality level across all OEMs and all device types, the disparity between quality requirements for new versus refurbished/repared product drives significant costs into the repair process. For example, for a typical carrier, the AQL for a new product may be 1%-1.5% per month whereas the AQL for a refurbished/repared product is 0.4%-0.5%. The primary repair cost driver results from the attempt by the 3PSPs to try meet quality requirements that were never designed into the new product.

Intuitively, a product that is “used” should be expected to perform similar to like-new or perhaps slightly lower standards due to general wear and tear. Rarely do used products perform at a significantly higher quality level than the designed level for new product. Trying to drive quality into a used product that was never designed in the new product is an expensive goal, as there is no easy fix or possibly no fix at all. Despite this uphill battle, this is exactly what the 3PSPs are trying to achieve for some devices today and most will tell you they are struggling to meet the objectives on a consistent

basis. Successes are transient particularly with changes in product mix.

What Strategies Do 3PSPs Use To “Create Quality?”

Product Quality is tied closely with designed attributes. Examples of these can be as obvious as minimizing openings that could catch rain and promote corrosion to moving very small chip capacitors away from locations close to the PCBA edge. There is some opportunity to further promote design improvement once product is in the RL cycle by integrating product fixes and updates from the OEM, particularly as issues become known. When a specific problem becomes apparent, there can be an assessment of where in the supply chain process its fix can be integrated. These process entry points can include new product going forward, new product at the warehouse, new product in the field, seed stock, product already sold, already refurbished product, etc. Depending on where the inte-

left the manufacturing plant, then the refurbished/repared product could be of higher quality than the new product still flowing through the supply chain. This is a rare occurrence that most often is exposed as product goes into EOL (end of life).

Outside of these exceptions, repaired product will have a tough time producing quality outcomes that exceed the same model of new product. However, the targets are still there and the 3PSPs work hard to meet the goals. Most 3PSPs have been trying to meet these targets by implementing excessive inspection and re-inspection processes to cull out the potential marginal product and thus creating pallets of product that meet the AQL targets they are held accountable for. The marginal product (or potentially the whole lot) is then sent through additional screening processes and could be held until the OEM or the carrier provides direction for resolution or just sent back as Return Un-Repaired (RUR), Return To Manufacturer

For our mythical carrier, this savings represents a conservative estimate of

\$42 Million

gration of these corrective measures take place, there is a small potential the refurbished product quality could match or slightly exceed some older new product that has not received the most current updates. For example, if the fix is not incorporated into product that has already

(RTM) or Scrap. This effort to inspect in quality that the product was not designed to possess drives costs in several major areas, including;

- Longer supply chain from idle product (i.e. working capital)

Re-marketing.

Returns Management.

End-of-Life Disposal.

Recycling.

Advance / Exchange Processing.

Product Disposition.

You've got enough things to worry about.

Reverse Logistics shouldn't be one of them.



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- Manpower expense from all of the additional handling
- Materials spoilage and waste as process steps are repeated
- Product that is scraped from over-work

This assessment does not even include an examination of the additional incoming screening that is occurring at the OEM or carrier's warehouse to validate the repaired product meets the AQL targets and its related expense.

If the repaired/refurbished product's quality requirements were tied to the quality performance of the equivalent new product's quality outcome, then arguably these process-driven costs could be removed or reduced from the RL supply chain. The reduction in cost is primarily realized because the recurring labor and movement of product is removed through reductions in costly re-inspections.

How Much Cost Savings Does This Really Represent?

To frame this consider that new product has three primary failure modes;

1. DOA or less than 30 days (return for credit)
2. Normal repair failure (return for repair/refurbishment)
3. Abuse/corrosion

A typical DOA limit might be 1% and the upper limit for acceptable monthly returns is typically 1-1.5% per month/installed warranty base or ~12-15% per year. Typically, the negotiated AQL rate for repaired/refurbished product is 0.4-0.5% per month/installed warranty base. Depending on how the calculation is made and the vectors of non-conformity are mapped, the expected quality outcome from repair

might be twice the level as deemed acceptable from new product.

With that data in mind consider a typical US wireless carrier with ~54M subscribers. Assuming that 80% of the customer base has current product, the in-warranty population is then ~43M phones. At an average 15% return rate per year and an average material cost of \$25 per phone, the full service cost (counting inventory, logistics, swap stock, etc.) can be as high as ~\$60-70 per repair. This means that ~\$453 million in repair expenses is being born either by the carrier, the OEM or a combination of both.

By reducing the over inspection noise to achieve like-new quality (versus better-than-new quality) outcomes, ~\$6.50/repair can be removed from just the depot side of the supply chain. For our mythical carrier, this savings represents a conservative estimate of ~\$42 million/1st Yr for the RL supply chain, which is obviously very real dollars. There would be additional and corresponding savings for the actual inventory and the labor/freight that is used to control it.

How Can a Carrier or OEM Start Realizing These Savings?

First, review the terms and conditions with your 3PSPs for quality level targets to see if they already align with new product calculations. If they do already align, make sure that your company has a dynamic monitoring process to manage the fluctuations that occur through the lifecycle of a device and a process to monitor that the repaired/refurbished product is tracking to these dynamic expectations. Many times what is written in a contract is not what is

actually happening on the warehouse floor.

If the terms and conditions do not align the new product quality with the repaired/refurbished product target AQL, appropriate actions should include;

- Put in place solid monitoring systems that track new product performance
- Negotiate an alignment structure and methodology with the 3PSPs
- Develop reporting systems for the repair operations to ensure the processes are complied with
- Communicate with internal and external champions to promote the understanding needed to embrace the changes

Monitoring systems are critical components to this process improvement and are usually performed by a Quality Engineering group connected to Product Development. This involves the Supply Chain organization for a Carrier or the Manufacturing Engineering group for an OEM. The information from Quality Engineering will allow quality levels and design targets to be established that will match the product's initial design. This capability must be mirrored at the 3PSPs supporting the repair/refurbishment process.

Next, the organization needs to establish a regular communication (daily recommended at first, weekly after processes are in-control) between itself and the 3PSP to track the quality outcomes being achieved by both the new and refurbished/repared product and to assure the contractual alignment terms are being met. There should also be contractual provision made for the opportunity to adjust the refurbished/

repaired product quality standards as quality shifts in the new product. Ideally the quality targets should get higher and higher as the product evolves throughout its lifecycle and improvements are made (e.g. software patches are made available).

Conclusion: There is a very real opportunity to reduce costs across the entire equipment supply chain by reducing unnecessary procedures and aligning quality goals in a realistic way. Reducing costs does not mean lost revenue to 3PSPs. Cost reduction allows 3PSPs to focus their efforts on more intelligent, value-added revenue opportunities by freeing up the manpower consumed in these wasteful "quality creation" operations. We have further content with greater detail that we would be happy to share on the website if there is interest.



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.



Heather Steer was most recently Vice President of Chainnovations, a boutique consulting firm specializing in service-based industries. Prior to that she was Senior Director of Reverse Logistics for Cingular Wireless and AT&T Wireless. Heather has a robust background in supply chain strategic operations, process re-engineering and finance operations and has worked in the wireless sector for seven years.

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

National Professional Service Convention & Tradeshow – Buffalo, NY
July 29-August 2, 2008
www.nesda.com/npsc/index.html

RLA Seminar - Hong Kong
Recycling, Reuse & Governmental Regulatory Controls
August 6, 2008
www.rltshows.com/hkg08_event.php

India Int'l Recycle & Waste Mgmt Exhibition – New Delhi
August 16-18, 2008
www.iirwm.com/index.php

RLA Seminar – Detroit, MI
RL Issues in the Automotive Industry
September 10, 2008
www.rltshows.com/hkg08_event.php
Investment Recovery Association

Fall '08 Seminar & Tradeshow – Birmingham, AL
September 15-17, 2008
www.invrecovery.org/conftrade.html

Supply-Chain Council European Conference – Budapest, Hungary
September 30 – October 2, 2008
www.scc-euro.org/

CSCMP Annual Global Conference 2008 – Denver, CO
October 5-8, 2008
www.cscmp.org/events/conf_08_global/index.asp

RLA Conference & Expo Singapore
Le Meridien Hotel
Workshops – October 7, 2008
Conference & Expo – October 8-9, 2008
www.rltshows.com/singapore.php

Innovation in Product Giving – Alexandria, VA
October 13-15, 2008
www.giftsinkind.org/productgivingconference/

RL Seminar – Toronto, Ontario
October 21, 2008
www.rltshows.com/tor08_event.php

Amsterdam 2008—A Great Success!



RLA would like to thank the participants at the fifth annual RLA Conference & Expo Amsterdam for helping to make the event a tremendous success. The event took place at the Dorint Hotel on June 16-18, 2008. Over 450 attendees representing nearly 200 companies gathered for Europe's largest reverse logistics conference! Reverse logistics professionals and leading academics from throughout Europe met to share best practices and discuss the most pressing reverse logistics challenges. Companies represented included Alcatel-Lucent, HP, Apple, DHL, Nike, Intel, Flextronics, Cisco Systems and Plantronics, just to name a few.

Monday offered several pre-conference workshops and an evening reception for exhibitors, sponsors and speakers. The conference kicked off on Tuesday with the Welcome Address by RLA President Gailen Vick followed by the keynote address by Timmy O'Dwyer, EMEA Regional Service Parts Planning & Logistics Senior Manager at Dell. Tim talked about the reverse logistics challenges facing all companies. A few highlights from his presentation include:

- Maintaining high quality in both products and services while keeping cost down

- Service and product aspects while involving logistic, vendor and sales partners in cost sharing in honoring warranties and maintaining price protection.
- Customer satisfaction is strengthened when the RL process is flexible enough to meet the customer's needs.
- How environmental concerns must be included in the process such as proper disposal of hazardous materials, energy conservation, and lessening the amounts of waste materials going to landfills

Tuesday afternoon and all day Wednesday, conference sessions and panel discussions focused on industry-specific issues such as Managing Reverse Logistics through the Supply Chain to Improve Performance, WEEE & RoHS Impact on OEMs & 3PSPs and Controlling Reverse Logistics Processes to Improve Bottom Line.

Attendees also had the opportunity to meet with exhibitors including Flextronics, Sykes, CompuVest,

Kiala and Spring Global Mail during the 2-day Expo. The Tuesday evening Amsterdam Canal Cruise Sponsored by DHL, Cycleon and CCR,

provided a chance to see some of Amsterdam plus the opportunity to meet with potential customers.

The conference concluded Wednesday afternoon with Award Presentations and the "Lucky Draw." Winner of the "Best Use of the VIP Program" went to Cycleon and TNT won the "Best Booth" award. Many thanks to our drawing sponsors including: DYMO, Microsoft, ZSL, RIM, Toshiba, TomTom, Western Digital and Pelican. They provided great prizes such as: Video Game Systems, External Hard Drives, Protector Cases, Label Printers, Portable GPS and PDAs.

RLA Conference Amsterdam presentations are available free of charge to association members.

For a limited time, attendees at RLA Amsterdam may apply their registration fee to an Associate level membership. For only \$200.00, the Membership Upgrade will provide access to all presentations delivered in Amsterdam as well as all prior conferences. For more information, visit: rltshows.com/~reversel/productview.php?id=871.

Speakers & Panelists

- | | | | |
|--|--|--|---|
|  Timmy O'Dwyer , Senior Manager, DELL |  Michael Schot , European Regional Sales Manager, Pelican |  Joep van Loon , Managing Director, Flection International b.v. |  Morgan Johnson, BA, MBA , Director, Global Service Delivery, UK |
|  Gailen Vick , President, Reverse Logistics Trends, Inc. |  Hyunsoo Kim PhD , Professor, Kyonggi University, Korea |  Ernst Klaassen , EMEA Reverse Logistics Manager, Sun Microsystems |  Paul Bruce , VP Global Services, Flextronics |
|  Dr.ir. Harold Krikke , Professor of (Reverse) Logistics, Tilburg University |  Joe Francis , CTO, Supply Chain Council (SCC) |  Michel Blom , Reverse Logistics Manager EMEA, Plantronics |  Francine Carrick , Operations Manager, Cisco Systems |
|  John Mehrmann , Vice President, Business Development ZSL |  Jürgen Donders , Managing Consultant, Gordian Logistic Experts B.V. |  Sven Verstrepen , Logistics Expert & Project Manager, Flanders Institute of Logistics |  Stephane Horn , Manager, Service DeliveryGPSC/PSG EMEA Commercial, HP |
|  Leonard Schneeman , SVP, CTO, Data Exchange Corp (DEX) |  Ron Kula , Vice President of Supply Chain Consulting, DEX |  David Cope , Founder, MGH Consulting |  Mark Hilton , After Sales Manager, TomTom |
|  Ron Tibben-Lembke , Ph.D., Associate Professor of Supply Chain Management, University of Nevada |  Jeroen Weers , is Development Manager RML, Spring |  Jonathan Spokes , Business Development Manager EMEA, SYKES Global Services Ltd. |  David Novak , Director International Strategic Relations, Assurant Solutions |
|  Brent Casper , Program Manager of Research, Reverse Logistics Association |  Dick Kluis , Vice President, Product Marketing, ClickCommerce |  Mark Balinski , Manager of Business Development, ZSL Inc. |  Marcel Kaal , WEEE Consultant, Pincvision |
|  Peter Henderickx , General Director Benelux, Kiala |  Hugo Koppelaars , Director Solutions & Commercial, TNT |  Katrien Van Crombrughe , Service After Sales Manager, DYMO |  Anne Patterson , VP Client Delivery, FreeFlow |
|  Achim Winter , CEO, CCR Logistics Systems AG |  Tjalling de Vries , Solutions Director, Technology - Business Development EMEA, DHL Exel Supply Chain |  Jelle Schoenmaker , Sales Director, Cycleon |  Friso Kuipers , Product Manager Logistics, voestalpine Railpro BV |
|  John Cullen , Professor of Management Accounting, University of Sheffield |  Chris Ernst , Founder, Accerio |  G. Ramesh , CEO, RigelSoft | Complete lists of attendees, exhibitors and sponsors are available from the RLA Conference & Expo site at: www.rltshows.com/a08_event.php. Photos from the event are also available. |
|  Claude Laval , Services Program Manager, Hewlett-Packard |  Nick Sellers , Director of Marketing EMEA, SYKES Global Services Ltd. |  Elco Dijkstra , Managing Director, Europhia Consulting | |

Returning thoughts

Searching for a Reverse Logistics Tipping Point



Building Bridges between Manufacturers and Retailer Reverse Logistics Teams

Scientists are obsessed with finding tipping points, the point where the next small change may suddenly change everything and change becomes unstoppable. In Reverse Logistics, most teams are working with very limited resources. Often the only change that can be made, is a small change. But can those small changes ever reach a tipping point that will significantly reduce your product returns and decrease your reverse logistics costs?

For the electronics industry, a good area of opportunity to focus these small changes can be through a closer relationship between the retailers and the manufacturers. Reverse Logistics has grown into a multi-billion dollar industry to handle open box items that “Did Not Meet Expectations,” where typically more than eighty five percent of returned items have no manufacturers defect. These returns are generated not just from the liberal retail return policies to promote happy consumers, but also from the manufactures’ willingness to accept a high return rate in their attempts to meet the challenge of providing new and often complex technologies to consumers.

How To Build Reverse Logistics Bridges between Manufacturers and Retailers

Returns are costly for the Retailer. Returns are also costly for the Manufacturer. Yet there are often many opportunities for the two parties to work together effectively to proactively reduce returns.

Tony Sciarrotta, the Director Returns Management at Philips Electronics has worked closely with retailers for many years and passed on his suggestions:

Better Information: Gather better data from customers about the Reason for Return. “Did Not Work,” is not a useful reason to help determine how the product can be improved, explained Sciarrotta.

Better, Faster Data: After the data is gathered, it needs to get transferred to the manufacturer quickly so it can be analyzed and actions determined.

Monitor Return Rates: daily or weekly reports by item, geography with a category average to compare will help the manufacturer make timely decisions.

Pre-Launch Checklist: a checklist of key items that can help reduce returns should be prepared and reviewed together. This list would include points such as: backward compatibility, correct connectors, or good feature lists on the packaging.

Staff Training Materials: good instructions and manuals for the retail staff on the product features, functions, proper care and handling so they can assist the customer to make an informed decision.

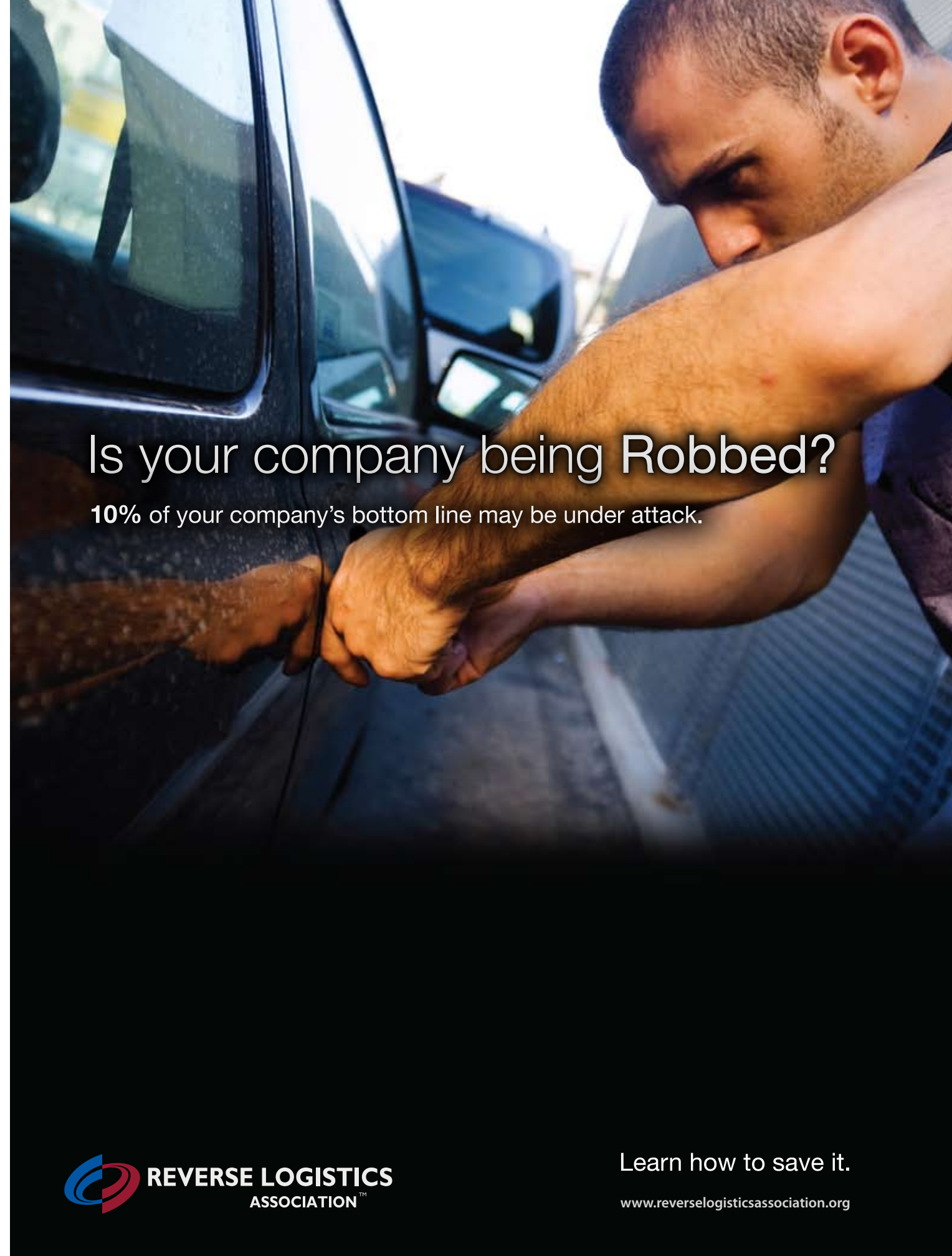
Feedback Action Mechanism: the manufacturer must have a good internal system to ensure the feedback and data analysis results from the retailer get turned into immediate action items to quickly make packaging, production, or design changes to avoid future returns.

Define your Criteria and Policies: work together ahead of a product launch to define what constitutes a return and under what conditions can a product be returned. Also determine how incomplete product with missing items will be credited. Up front discussion of issues and guidelines helps both parties assess and manage returned items.

Create your list of small changes to improve your Retailer –manufacturer relationships. Continually work with on the small changes with your limited resources and maybe you too will reach the Tipping Point and achieve some big Reverse Logistics changes.

Good Luck!

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



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Data Exchange Corporation	www.dex.com	10	TechForLess	www.TechForLess.com	23
ExpressPoint	www.expresspoint.com	35	Test Technology Inc.	www.testtech.com	29
FRS Europe BV	www.frs-europe.nl	9	Unipart Technology Logistics	www.unipartlogistics.com	14
Gifts In Kind International	www.giftsinkind.org	Back	RL Research	www.reverselogisticstrends.com	43
Investment Recovery Association	www.invrecovery.org	7	RLA Green to Gold	www.reverselogisticstrends.com	2
Jabil	www.jabil.com	17	RLA C&E Singapore	www.rltshows.com/singapore.php	3
			RLA Save Your Company	www.reverselogisticstrends.com	51



Join Supply Chain Leaders for the First-ever Conference on Product Giving

October 13-15, 2008

Westin Alexandria Hotel • Old Town Alexandria, Virginia



For the first time, Gifts In Kind International will bring together top leaders and managers, from corporate executives to supply chain specialists, to share best practices and the latest innovations in strategic product philanthropy. This first-of-its-kind meeting is a must for professionals interested in improving their philanthropic impact, as well as their bottom line, through product giving.

Register Before May 31 and SAVE!



INNOVATION IN PRODUCT GIVING | Creating Value for Business & Community

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- Driving Supply Chain Profitability with Product Donations
- How to Align Product-giving Programs with Business Objectives
- Reducing Your Corporate Environmental Footprint
- Product Security: How to Protect Your Brand
- Donating from the Point-of-Sale
- And Much, Much More...

Who Should Attend?

- Supply Chain managers and executives
- Inventory & Logistics personnel
- Retail Operations personnel
- Corporate executives
- And other operational executives and professionals

Exciting Keynote Speakers and Presenters!

Learn from some of the most prominent corporations successfully working in the product-giving field, including representatives of IBM, Mattel, The Home Depot, HP, Men's Wearhouse, Office Depot, Wal-Mart and several others.

Confirmed keynote speakers include Andrew Savitz, author of the *Triple Bottom Line*, Charles Moore of the Committee Encouraging Corporate Philanthropy, Kyle Peterson of FSG and Jim Welch of The Growth Leader, Inc.

Conference Registration

Early Bird (through May 31, 2008) \$975

Regular \$1,100

Discount available if multiple employees register from the same company.

Register Now at www.giftsinkind.org/ProductGivingConference

For more information: contact Barbara Florence at (703) 299-7570 or bflorence@giftsinkind.org

The Conference is proudly sponsored by:

