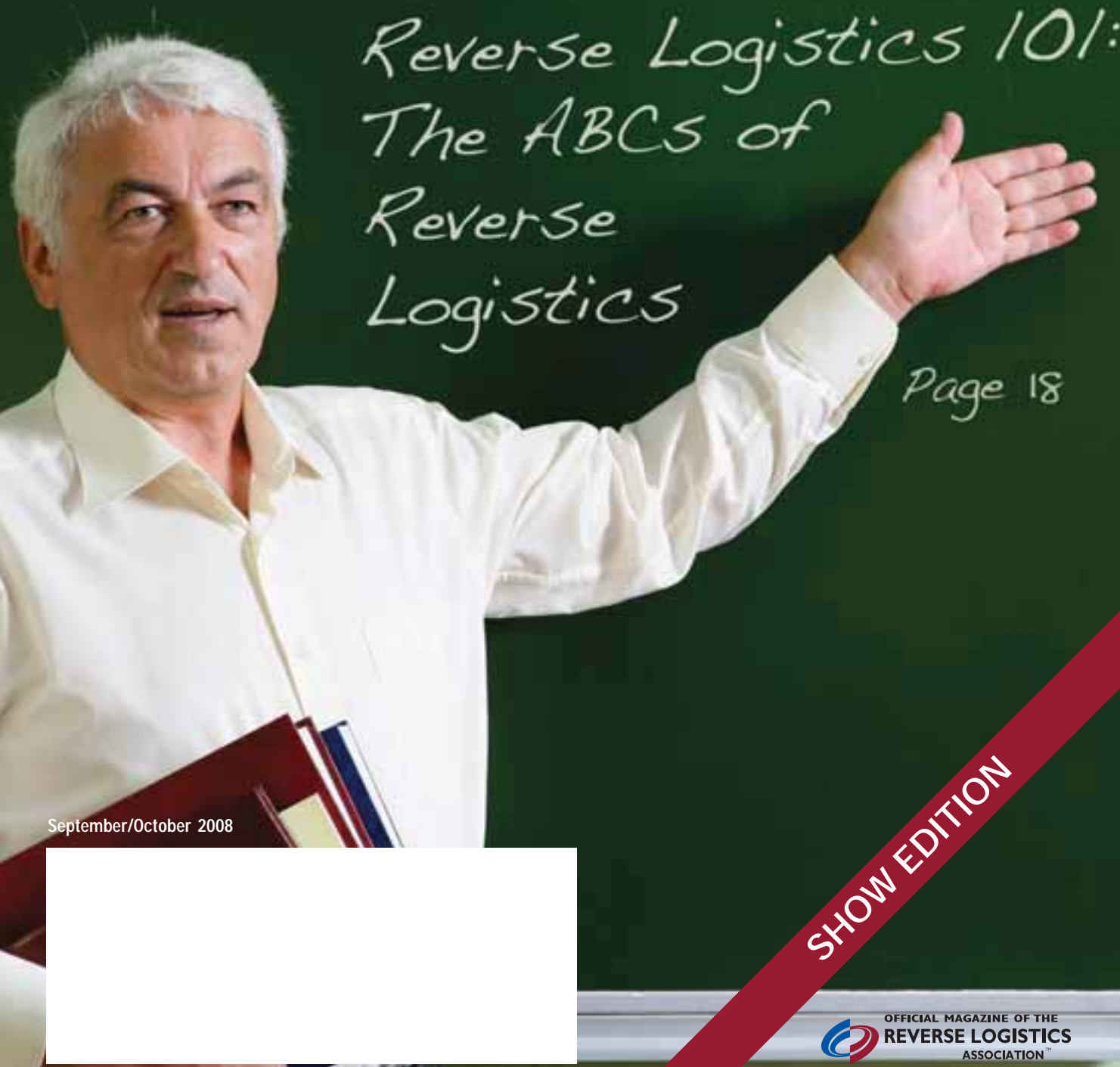




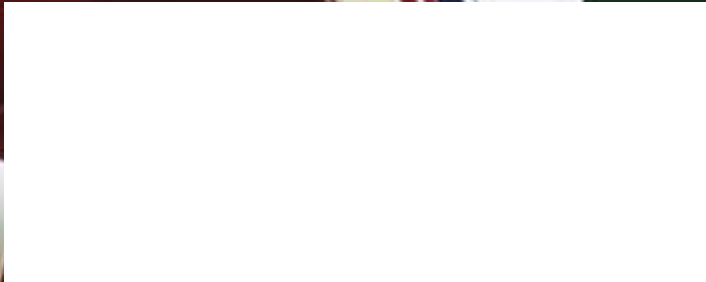
REVERSE LOGISTICS magazine™



Reverse Logistics 101:
The ABCs of
Reverse
Logistics

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September/October 2008



SHOW EDITION

Returns Are a Strategic Opportunity



It's true. What once was considered a pain in the "back end" of your supply chain now holds the key for customer loyalty and profit improvements. How?

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Singapore 2008 Reverse Logistics Association Conference & Expo

Highlighted Speakers



Tony Sciarrotta,
Director of Returns
Management, Philips
Consumer Electronics
North America

*Reverse Logistics:
Understanding The Business
Impact of Returns:
Who Do We Serve?*

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. Working with national retailers, he developed a first time survey of consumers who returned consumer electronics to understand root causes of the no defect found products.

Tony is responsible for returns management results from start to finish including the disposition of products and returns disposal, and asset recovery.



Dr. Rajesh Piplani,
Associate Professor
& Director, Center
for Supply Chain
Management - NTU

*Creating Value from
Returns - The Design of
Service Networks*

Dr. Rajesh Piplani is the director of the Center for Supply Chain Management in the school of Mechanical and Aerospace Engineering at NTU. He obtained his M.S. in Industrial Engineering from Arizona State University in 1990, and his Ph. D. from Purdue University in 1995. Dr. Piplani is listed in Marquis Who is Who in Science and Engineering in USA (1998-1999).

Dr. Piplani's interests are in the area of supply chain management of manufacturing enterprises, logistics planning, and design and analysis of manufacturing systems. He has published in many international journals and presented papers at various conferences worldwide.



**John Mehrmann, Vice
President, Business
Development ZSL**

*Supply Chain and Leadership
in Today's Reverse
Logistics Market*

John Mehrmann is Vice President of Business Development for ZSL Inc., a leading Technology Solutions Provider. John has over 20 years of experience that spans logistics, operations, sales, e-commerce, accounting, customer service, marketing, and training. His experience as an author, speaker at several trade conferences, and consultant for many of today's executive management, has made John a valuable resource to colleagues in many industries.

Prior to ZSL Inc, John served as Director of Service Operations for Toshiba, Regional Sales Director for Data Exchange Corporation, and as Operations Manager for SatisFusion.

He is the author of the award winning book, *The Trusted Advocate: Accelerate Success with Authenticity and Integrity.*



**Maxwell Chen, APJ
Parts Planning Director,
Dell, Inc.**

*Controlling Reverse
Logistics Processes to
Improve Bottom Line*

Maxwell Chen serves as Parts Planning Director for APJ within Global Fulfillment Delivery organization. Maxwell is responsible for delivering high Parts Availability for services at the most

optimized cost in both Commercial and Consumer space.

Maxwell joined Dell Asia Pacific Sdn in 2000 from Komag USA (M) Sdn. Prior to Dell, Maxwell held a variety of roles included Sales and Marketing, Materials Management, Order Entry, Production Planning, Customer Service, Purchasing and Supply Chain.

Maxwell holds a Bachelor of Economics from University Malaya and an MBA from the University of South Alabama.



**Ron Kula, VP of Supply
Chain Consulting, DEX**

*Designing an Integrated
Reverse Logistics
and Service Support
Network*

Ron Kula is DEX Vice President of Supply Chain Consulting and has been working with DEX clients for the past nine year to develop streamlined Supply Chain Solutions, including customized Reverse Logistics programs, high volume channel returns, integrated partner alliance programs, and advanced exchange and depot repair. In this role, he has developed programs that have lowered the overall cost of the total reverse logistic program for DEX clients.

Ron earned his BA and MBA from Southern New Hampshire University where he also taught Operations Management as a member of the adjunct faculty. During his 16 year career at Digital Equipment Corporation (DEC), Ron held various managerial positions in manufacturing, service product management, repair operations, materials management, distribution and service functions. Ron also spent 5 years at Cerplex, developing and implementing reverse logistics programs, while creating alliances to expand the company's service offerings.

CONTENTS

On the Cover



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Reverse Logistics 101: The ABCs of Reverse Logistics

by Mark Doughton

Without access to data, you simply must assume. And, we all know what that means.... especially when it comes to reverse logistics. The good news is that there is actually no reason to assume. A goldmine exists within returns data, if you have 1) the technology tools to make it accessible, analytical and actionable, 2) the ability to incorporate best practices and benchmarking and 3) a commitment to collaboration.

Articles



Page 12

Learning from Lost Opportunities, or Using Information from "Lost" Accounts to Develop New Business

by William K. Pollock, *Strategies For GrowthSM*

When a services organization experiences a decline in revenues, there are many ways in which it can assess the damage, identify the causes, and begin to correct the problem. Some organizations may attempt to do so entirely by using their in-house resources such as corporate "think tanks" and strategic planning teams, while others may utilize the services of outside consultants and business development strategists. However, it can be argued that there is no better source of data for identifying what the root cause of the problem really is other than going directly to the organization's own customers, prospects and "lost" opportunities.

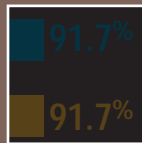


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Electronic Waste Recycling in California Gets a Big Cut

by Mike Easterbrook, *ARC International Corporation*

As we approach 2009, several California state electronic waste recycling bills are set to go into effect. Also, with the switch over from analog broadcasting to digital broadcasting, it is very possible that many CRT TV owners will retire their old TV and need an outlet for recycling the obsolete equipment. A national bill is looking like less of a possibility as more states adopt their own programs. The state programs are not uniform in the least, the bills are either modeled after an Advanced Recovery Fee (ARF) or they are an Extended Producer Responsibility (EPR) bill. An ARF system collects money from the consumer at the point of purchase, such as a retail outlet like Best Buy.



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Using an Electronic Tracking and Ordering System (eTOS) to Enable Your Customers to Become Your Partners

Duane D. Knecht, *Communications Test Design, Inc./CTDI*

The primary function of a world-class services organization is to support its global customers with all of the hardware maintenance, technical support and/or professional services they require to keep their business systems—and business operations—up and running at all times. This is a daunting task, and one that only works best when both the services provider and its customers perform together in a partner relationship, rather than merely going through the motions in a disjointed vendor customer relationship.



Page 40

Skeletons in the Closet—Profit from Effective Reverse Logistics

by Wayne Burgess, *Craig Stevens, ReturnTrax*

In North America, few organizations have the time, resources or desire to focus on building an effective reverse logistics operation. In most cases, the only area of focus is on selling returned, damaged and obsolete inventory off at pennies on the dollar. The current liquidation market is made up of opportunistic organizations that more often than not cherry pick only the best products to maximize their margins. These organizations have little to no interest in protecting their clients brand or market.

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

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Special Feature



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A Moment of Personal Reflection, How to manage your most import asset... Your Health

To the savvy individual, reverse logistics is all about prevention, not cure. Prevention from losing efficiency, production, and revenue that, once has been lost, is just about impossible to regain. The phrase "a penny saved is a penny earned" is all too true in today's fast changing economic market place, but it doesn't stop there. I realize that this form of thinking exists outside of the business world and extends to the very core of humanity.

Features

- | | | | |
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To Our Readers

A Letter from the Editor

I firmly believe that if you're going to "talk the talk" you've got to "walk the walk." A few months ago, I mentioned that our youngest son had moved out of the house and into an apartment close to the San Jose State University campus, leaving behind more than he took with him.

I mentioned that we called out the Salvation Army to haul everything away ... well that's not exactly true. You see there was a lot of garbage (electronic garbage, to be specific) and we couldn't possibly dump that on a charitable organization. So for the last several months, or more, his old television, various old video game systems, etc., have been sitting in the corner of the garage.

We'd been waiting for the local high school or church to have an e-waste fundraiser but that hadn't happened or at least not at a convenient time. With the end of summer rapidly approaching, we knew this was a must do task for the weekend.

My husband Harry, (some of you may have met him in Las Vegas or Amsterdam), works in a neighboring city and had noticed a storefront shop in a strip mall advertising e-waste collection. This is key because just by listening to me talk about reverse logistics and being involved in RLA events, he has become more aware of reverse logistics. He noticed the recycle shop because of this awareness and when it came time to dispose of our electronic waste, he didn't think about it as trash, he thought about where we could recycle.

We loaded the car and took our e-waste to GreenCitizen in Los Altos (northern California). There we met Nafisah Ali, the Center Manager. Quite to my surprise, they already know of RLA and are receiving the magazine. We talked about the benefits the association has to offer and we look for greater involvement from them in the future.

I always feel good about recycling and it's encouraging to know that I have had an influence on my husband. It makes me realize that we can all influence others through our actions.

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 at-



Best regards,
Christine Morrow
Editor, Reverse Logistics Magazine

ention 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.

Money Talks

Assurant Strengthens Position in Wireless Service Contract Market by Acquiring Wireless Handset

Assurant, Inc. a premier provider of specialty insurance and insurance-related products and services, announced today that it has entered into an agreement with Signal Holdings LLC, a leading provider of wireless handset protection programs and repair services, to acquire the company's outstanding capital stock for \$250 million in an all cash transaction from Trident II, L.P. and Signal Holdings' management. Trident II is a private equity fund managed by Stone Point Capital LLC. The transaction, which is subject to regulatory approval, is expected to close in the fourth quarter of 2008.

Encompass Group Finalizes the Acquisition of Tritronics Inc

Encompass Group Affiliates, Inc., an integrated company serving the consumer electronics segment of the reverse logistics industry, announced today that it has completed the acquisition of privately held Tritronics Inc. An industry-leading original equipment manufacturer parts distributor for over thirty years, Tritronics has operations in Baltimore and Miami, and distributes consumer electronic replacement parts and accessories to thousands of independent service dealers and OEM authorized service centers in the United States and Mexico.

FedEx hits low as oil hits record above \$142

Shares of FedEx Corp. touched its lowest point since June 2004 Friday

-- the stock's third multiyear low this week -- as oil prices jumped to a new record past \$142 a barrel. Light, sweet crude for August delivery rose as high as \$142.26 a barrel in premarket trading on the New York Mercantile Exchange before pulling back to trade up \$1.19 at \$140.83.

ReCellular Announces \$15 Million Capital Investment and Plans for Expanded Operations

ReCellular, the world's leading cell-phone recycling firm, announced today that Investor Growth Capital (IGC) is investing \$15 million in a Series A Preferred Stock financing. The investment adds a growing cleantech company to IGC's portfolio, and will enable ReCellular to expand operations and accelerate its rapid revenue growth.

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Message from President and Founder of RLA

Getting Back to Basics

In our last issue of Reverse Logistics Magazine, I expressed my concern about some companies not taking advantage of deploying “cash saving Reverse Logistics processes.” I hope that many of you took me to heart and had an “internal discussion on how to make changes at your company, fast.”

This month’s edition is focused on the basics of Reverse Logistics. I hope that you will enjoy reading our feature article by Carolina Logistics Services. This article could help make the difference between red or black to your bottom line.

Here we are two months since our last publication and the economics couldn’t be worst around the world, just look at what is happening in China and the United States. Yet some companies are reporting record profits. Why is there such a chasm between similarly managed companies? Geoffrey Moore’s book, Crossing the Chasm, focuses on the specifics of marketing for adoption lifecycle in five main segments; innovators, early adopters, early majority, late majority and laggards. So when it comes to your Reverse Logistics process, in which segment would you place your company, innovators, early adopters, early majority, late majority and laggards? Take the time to grade yourself; it could make the difference in red or Gold at the end of the year.

I stated last month that, “Now is the time for 3PSPs to ramp up marketing efforts to increase visibility and gain attention of the manufacturers and retailers. Now is the time for 3PSPs Third Party Service Providers to ramp up, not slow down. Many OEMs will be looking for partners to help them solve their financial problems. Now is the time for companies in the 3PSP arena to get aggressive; now is the time to put forth full blown marketing effort and show OEMs and Retailers the cost savings that they are looking for. OEMs and Retailers are looking for solutions; please help them meet their financial missions.”

There are so many opportunities sitting right in front of each of us, just look around and try to help your clients and vendors.

Gailen Vick
President.
ReverseLogisticsAssociation.org
RLAShows.com



Board of Advisors

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



John Benardino – Hewlett-Packard Company

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



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



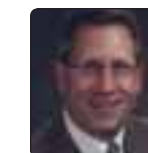
Dan Gilbert is Vice President of Worldwide Reverse Logistics at Cisco Systems, Inc. His charter when joining Cisco in 2005 was to define and

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 July 2002 and was named Chief



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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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Operating Officer in October 2003.



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.



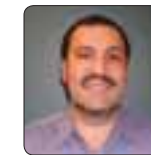
Doug Schmitt serves as VP of Dell’s Global Field Delivery organization with international responsibility for global break/fix field engineers, same day service delivery, spare parts depots, parts planning, service logistics, repair, reverse logistics and Dell’s global command centers. In addition to Doug’s role as VP Global Field Delivery he has

“RLA Conferences provide a conducive atmosphere to share ideas with other reverse logistics professionals without any apprehension of divulging any company’s proprietary information.”

Gopal Muvedu, Sr. Manager Technical Operations, Juniper Networks on Singapore 2007.

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.

Learning from Lost Opportunities, or Using Information from "Lost" Accounts to Develop New Business

by William K. Pollock

When a services organization experiences a decline in revenues, there are many ways in which it can assess the damage, identify the causes, and begin to correct the problem. Some organizations may attempt to do so entirely by using their in-house resources such as corporate "think tanks" and strategic planning teams, while others may utilize the services of outside consultants and business development strategists. However, it can be argued that there is no better source of data for identifying what the root cause of the problem really is other than going directly to the organization's own customers, prospects and "lost" opportunities and asking them specific, direct and targeted questions.

Legend has it that North American bank robber Willie Sutton was once asked why he robbed banks, to which he replied, "Because that's where the money is!" The same logic also applies to the question, "Where can we go to get the most direct information on why we are losing customers and prospects to the competition?" The answer, of course, is to go directly to your "lost" customers

and prospects, "Because that's where the information is!"

No matter how non-, or a-, political your organization may be, during times of revenue downturns, declining sales, or other related financial difficulties, it sometimes becomes too easy for otherwise harmonious coworkers to begin to point the finger at one another. For example, sales and marketing managers may feel pressure to blame each other for "falling down on the job," corporate management may feel that the company's sales force is not "hustling" enough; and the sales team may think there is too little management support and guidance to lead the way. Further, some company insiders may believe that the downturn is more market-driven; while market analysts may suggest that the underlying reasons for any internal declines are self-inflicted.

Whatever the reason(s) for a revenue downturn, and regardless of who believes what caused it, it is clear that the organization will need to quickly:

- Identify the underlying reason(s) for the decline in services sales and revenues;

- Design, develop and implement corrective / preemptive actions, both internally and externally, to stem the tide of the decline;
- Create internal processes and mechanisms to ensure that the root cause(s) of the problem remains closely monitored and under control; and
- If applicable, develop the necessary marketing "spin" and "damage control" activities to minimize further market sales/revenue erosion.

To this end, company management will need to focus on the design, execution and management of a well-orchestrated plan to determine:

- To what extent a specific problem truly exists that may be negatively impacting the organization's ability to maintain its historical levels of services sales and revenues, and
- How to address the problem with respect to increasing sales/revenues to historical levels through a combination of internal (i.e., organizational, sales, marketing and promotional, etc.) and external (i.e., market perceptions, public relations, etc.) activities.

While the concept of measuring existing customer satisfaction is one that is now universally accepted and widely practiced, the surveying of "closed" and "lost" accounts is gen-

erally not practiced anywhere near as much. However, there can be no more direct source of information for why a company is losing business than going directly to those customers and prospects that are presently, or have recently been, in the process of evaluating your company's products and services, alongside those of other vendors.

For the purposes of research, this universe of "new," "current" and "lost" accounts can be divided into the following four groups (Figure 1):

1. **New Prospects** (currently evaluating your company's products and services for the first time)
2. **Current Customers** (evaluating repeat or add-on business with your company)
3. **"Lost" Prospects** (i.e., prospects who have decided to choose other vendors)
4. **"Lost" Customers** (i.e., accounts that have recently switched to other vendors)

It is highly recommended that both current customers as well as recently "lost" customers and prospects be interviewed to obtain the desired responses directly from the key players. As such, any current customers due for renewal within the next three-month period would

qualify for the survey, as well as all other "lost" accounts/customers within the previous three months. Typically, beyond three months, the reasons for "leaving" the company and/or choosing another vendor may be significantly "dampened" in the minds of the respondents, and may no longer be counted on to provide totally accurate information.

Typically, interviews within each of these groups should be carried out on an "open" (i.e., where your company would be identified as the survey sponsor) rather than "closed" (i.e., where it would not be identified) basis. In every case, these interviews should also only be conducted by specially trained executive-level interviewers, and not merely by in-house or outsourced low-level interviewers or telemarketers.

The preferred method of approach for carrying out this type of study can be accomplished through the use of a qualified outside consultant in terms of the following tasks: First, a series of qualitative, one-on-one interviews should be conducted with key organization management and staff to identify and define the internal "mindset" that has been built on a base of individual perceptions. This task is a critical component of any study where the following factors may apply:

- Where multiple internal organizational areas are involved (i.e., corporate management, sales management; marketing management; field sales; customer service, service operations, etc.);
- Where the issues being addressed are particularly sensitive (i.e., where "finger pointing" may exist between proponents of differing "root cause" theories, etc.); or
- Where the root cause of the problem resides mainly within the organization itself (i.e., as a result of an inequitable sales commission

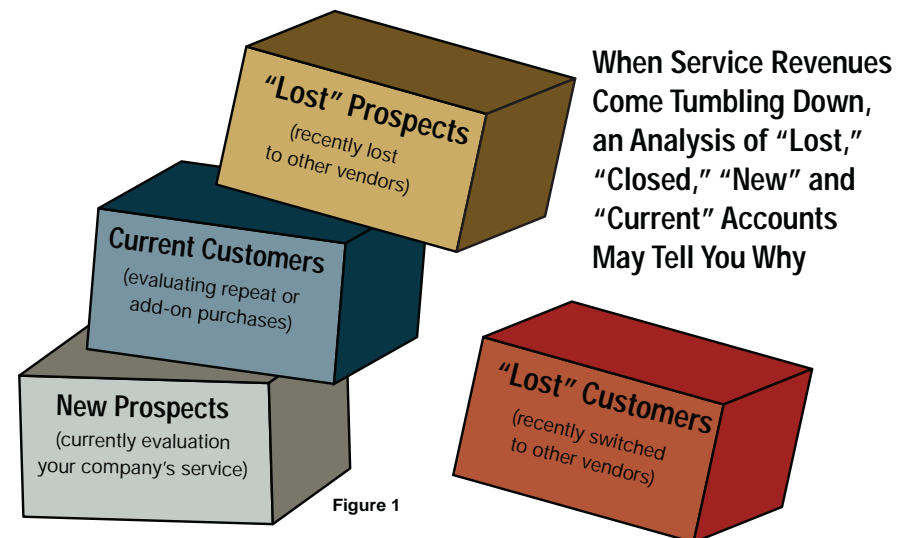


Figure 1

plan, resulting from changes in the organization's internal goals, policies, processes, etc.).

The information collected from these interviews should be both quantitative and qualitative in nature, and all findings should be reported both on the basis of the aggregate data as well as individually for each of the four key customer/prospect segments (as identified above) in order to develop specific patterns of responses.

The final analysis of the collected data can then be used to develop specific patterns of findings, strategic implications and general recommendations for both corrective and preemptive actions as they relate to the identified problem areas. These would include:

Because these are the accounts that are most deeply involved at the present time in the stages of evaluating your company, and its products and services, with respect to future purchases; or they have recently done so, and...have decided to go with, or switch to, other vendors.

- The assessment, analysis and evaluation of all responses to the interview questions, and the comparison of those findings to the evaluation of the current internal company mindset,

- The identification and comparison of patterns reflected by each individual account groups as revealed from the interview data;
- Specific study findings and strategic implications for company management based on the patterns of data reflecting both the aggregate, and the individual "new"/"lost" account segments; and
- The identification, assessment and prioritization of key factors, characteristics, attributes and perceptions that would serve to identify and validate the root cause(s) of the current problem.

The final analysis should focus on the key findings of the overall survey, the strategic implications resulting from the analysis of these findings, and the development of a set of strategic recommendations for implementing the appropriate corrective/preemptive actions to address and resolve the root causes of the problem.

Why even bother with a survey of these special types of accounts? Because these are the accounts that are most deeply involved at the present time in the stages of evaluating your company, and its products and services, with respect to future purchases; or they have recently done so, and for whatever reason, have decided to go with, or switch to, other vendors. Their perceptions, for the most part, are extremely current and well thought out, and if any of them are unhappy with your company's performance, or are planning to switch to another vendor, they will be more than likely to tell you—but only if you ask them when it is still fresh in their minds.

Why ask them now? Because a decline in services sales and revenues cannot be allowed to continue and, accordingly, a plan for correcting any problems must be implement-

The final analysis should focus on the key findings of the overall survey, the strategic implications resulting from the analysis of these findings, and the development of a set of strategic recommendations... to address and resolve the root causes of the problem.

ed quickly—before any additional prospects or accounts are lost, before any additional "finger pointing" takes place, and before any further market erosion occurs. Surveying current customers and prospects may be risky business; but without the benefit of the information that only they possess, there will be no future business.



William K. Pollock is president of Strategies For GrowthSM (SFGSM), the Westtown, Pennsylvania-based services consulting firm specializing in strategic business planning, services marketing, CRM consulting, market/survey research, and customer satisfaction measurement and tracking programs. During the past 25-plus years, Bill has conducted more than 250 strategic planning, customer survey and market research studies for clients all over the world. He is a frequent speaker at trade conferences, and has published more than 120 articles covering a wide range of services-related topics. He may be reached at 610-399-9717 or via e-mail at wkp@s4growth.com. SFGSM's website is accessible at www.s4growth.com.

Reverse Logistics Association Memberships at-a-glance



Benefit	Platinum (OEM or Retailer only)	Gold	Silver	Professional	Associate	Student
Download Conference Presentations	✓	✓	✓	✓	✓	✓
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Discount on Custom Research Projects and Studies	10%	10%	10%	3%	3%	3%
RL Magazine Advertisement Discount	10%	10%	10%	3%	3%	3%
Publicize company event (trade show, summit, etc.) in RL News	✓	✓	✓	✓	✓	✓
Search of Regional 3PSP (without Profile information)	✓	✓	✓	✓	✓	✓
RL Quote - Access/Respond to RFIs*	✓	✓	✓	✓	✓	✓
Corporate Logo and Home Page Link from RLA web site	✓	✓	✓	✓	✓	✓
Search of World Wide OEM/ODM	✓	✓	✓	✓	✓	✓
Corporate Logo & Home Page Link on RLAS & RL Magazine Marquee	✓	✓	✓	✓	✓	✓
Logo and Link from Job Posting	✓	✓	✓	✓	✓	✓
Discount on Workshops	10%	5%	5%	5%	5%	5%
Search of World Wide 3PSP (without Profile information)	✓	✓	✓	✓	✓	✓
Full Web Site Critique & Recommendations	✓	✓	✓	✓	✓	✓
Speaker Privileges at RLA Events - Private Meeting Rooms	✓	✓	✓	✓	✓	✓
Search of World Wide 3PSP (with Profile information)	✓	✓	✓	✓	✓	✓
	\$6999/yr	\$5999/yr	\$3999/yr	\$2999/yr	\$1499/yr	\$199/yr

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Electronic Waste Recycling in California Gets a Big Cut

by Mike Easterbrook

As we approach 2009, several California state electronic waste recycling bills are set to go into effect. Also, with the switch over from analog broadcasting to digital broadcasting, it is very possible that many CRT TV owners will retire their old TV and need an outlet for recycling the obsolete equipment. A national bill is looking like less of a possibility as more states adopt their own programs. The state programs are not uniform in the least, the bills are either modeled after an Advanced Recovery Fee (ARF) or they are an Extended Producer Responsibility (EPR) bill. An ARF system collects money from the consumer at the point of purchase, such as a retail outlet like Best Buy. The EPR model holds the manufacturers responsible for the recycling. For example, a state could charge manufacturers a certain rate for the amount of sales that were made in that particular state the previous year, but many different models of the EPR exist. It is the most common model. In fact, the ARF was initially only used in California. Pennsylvania and South Carolina will begin their ARF programs in early 2009, as seven other states launch an EPR program at the same time.

California was the first state to pass an electronic waste recycling bill in 2003, known as State Bill 20 and it was ratified the follow year in State Bill 50. So the common terminology for the program in California is the SB 20/50 program. As the nation is ready to embark on the adoption of many new e-waste recycling bills, radical changes are occurring in the California system.

The California Integrated Waste Management Board (CIWMB), one of six agencies under the umbrella of the California EPA and the agency that manages the SB20/50 program, has made recent changes to the pricing structure that is set to go into effect in late 2008.

When the SB 20/50 bill was passed, retailers began collecting \$6, \$8 or \$10 depending on the size of the video display screen (\$6 for 4-15 inches, \$8 for 16-40 inches and \$10 for over 40 inches). The state paid out .48 cents per pound to approved recyclers in the program for Covered Electronic Wastes (CEW) which included CRT TVs, CRT Monitors, LCD Monitors and TVs, Plasma TVs, laptops and any other Video Display Device (VDD) with a diagonal measurement of greater than 4 inches. Recyclers were required to reimburse collectors a recovery payment of .20/lb for the recovery of CEW.

However, the recovery payment soon became a way for recyclers to outbid one another and grab the attention of collectors. The recovery payment to collectors rose from .20/lb in 2005 to roughly .23-.25/lb., in 2006, the price rose again from .25/lb to roughly .28/lb, and in 2007, the price went up to .30-.32/lb, at the beginning of 2008 the price peaked at .35/lb

to collectors. That left only .13/lb for recyclers. Minus roughly .03/lb for logistics, .05/lb for operational and dismantling costs, .03/lb for supplies to collectors (Gaylord boxes, pallets and shrink wrap), .01-.02/lb for disposal of CRT Glass, and .01/lb for wood console disposal, accepting CEW's from collectors was no longer lucrative or worthwhile for many recyclers.

Granted, the State program was set to cover the costs of recovering and recycling CEW's and allow for the recyclers to make their money on the residuals, but the residual value, a small amount of cooper, plastic, aluminum/tin and low grade circuit board could not always cover the costs of paying for the warehouse rent, office persons salary and commission, and the many other expenses involved in running a business. So those recyclers who shifted their focus away from refurbishing, asset recovery and other similar ventures, could expect to be in quite a predicament when they heard about the State payment reduction.

After three years of the program, the State is now lowering the rate

With the switch over from analog broadcasting to digital broadcasting, it is very possible that many CRT TV owners will retire their old TV.



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to .43 per pound starting July 1st and .39 per pound after September 15th. The State's decision to lower the payment was based on the net cost reports that were submitted to the State by the collectors and recyclers. And after an audit by the Department of Finance, the State did find that it cost less than .48/lb for the recovery and recycling of CEWs. However, the favor has been perversely tilted in the direction of the collectors.

To make matters worse for recyclers, diesel prices are more than five dollars a gallon, the slowed economy is causing lethargy in business, the CRT market is diminishing, fraud is occurring in system, and recyclers have effectively beat the daylight out of each other with the price war (not all will agree on that point). When fraud occurs in the system, the recycler will have a portion of their claim rejected and it becomes the recyclers' responsibility to recover the money from the collectors who

gave them fraudulent material. By the time the recycler finds out who has given them fraudulent material, roughly three to four months later, since the State reimbursement is backed up with claims processing, that fraudulent collector may very well have taken the money and ran, never to be found, and leaving the recycler to absorb the total loss.

The system currently has over 600 collectors and roughly 60 recyclers. A lot of these collectors became collectors over the last year, 2007. Therefore, to reduce the costs and ensure things are done with environmental integrity, many recyclers will probably begin doing their own collection, if they haven't already, including hosting more events, offering curbside pickups and going direct to businesses to offer free pickup and disposal of material. It will be interesting to see how the payment decrease will affect the SB 20/50 program in California as we move forward in the world, attempt-

ing to become more and more green. One can only hope that so called "bad actors," those committing fraud and other activities, will be weeded out, and kinks in the California system will be worked out. Hopefully, other states will take advantage of learning from California's experience and set programs into place that are nearly ideal for all parties involved.



Mike Easterbrook is the Environmental Compliance Director for ARC International Corporation. Mike manages the operational compliance

and ISO 14001 EMS implementation for the Western United States ARC branches. ARC International is an ISO 14001 Certified Electronic Waste Recycler with 11 branches throughout the United States. Mike can be reached at mikee@arcic.com.

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Welcome to
Reverse Logistics 101



Reverse Logistics 101: The ABCs of Reverse Logistics Information Management



by Mark Doughton

Without access to data, you simply must assume. And, we all know what that means...especially when it comes to reverse logistics. The good news is that there is actually no reason to assume. A goldmine exists within returns data, if you have 1) the technology tools to make it Accessible, analytical and actionable, 2) the ability to incorporate Best practices and benchmarking and 3) a commitment to Collaboration.

Ask anyone that touches returns, "what is the ultimate goal of your reverse logistics program?" and most will respond, "I just want returns to go away, or at least be reduced, or at a bare minimum maintained at current levels." For many, the task seems impossible. Day to day, most reverse logistics programs focus on the in and out processing for financial and inventory management or the asset recovery revenue opportunity. The key performance indicators then become processing turnaround and recovery yield...two very important measurements. However, these measurements alone cannot help you achieve the ultimate goal of eliminating, reducing or maintaining the

level of returns. There is more to it. Let's just say to accomplish the ultimate goal, you must understand and implement the ABCs of Reverse Logistics Information Management 101.

A Assessable, Analytical, and Actionable

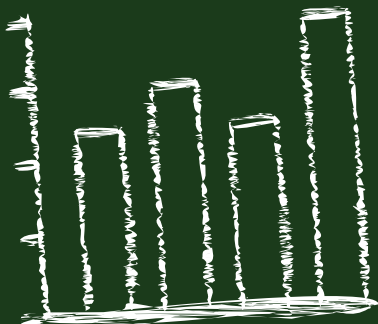
It all starts with capturing the key pieces of data at the lowest level. This means store or vendor level, reason for return, package condition, recovery yield, etc. The problem is not that many companies do not capture some of this

information. That's not really the issue. The issue is that most cannot access it...easily.

To ultimately convert data into action, data must be made assessable not just to one reverse logistics person in the organization, but to anyone that is an influencer on returns. That includes store operations, marketing, finance, quality and yes, even sales. While they don't need to see all information, they do need to see the information they can influence. They must understand how their actions impact returns volume.

To ultimately convert data into action, data must be made assessable not just to one reverse logistics person in the organization, but to anyone that is an influencer on returns. That includes store operations, marketing, finance, quality and yes, even sales.

At the same time, reality is that we all live today in a state of information overload. Sometimes too much data actually hinders action because it's just too overwhelming. That's



Those that have made progress in lowering their overall returns rate did so because they captured the data at the lowest level and utilized technology tools to analyze it.

why tools that provide access must have analytical applications to help the cross-functional reverse logistics team extract meaning from the data. Watch lists or exception lists are critical to quickly analyzing the situation. And the watch lists must be customizable by cross functional area and individual. The analytical

tool must go one step further and allow immediate drill down to the lowest level of detail with the ability to slice and dice in multiple directions. The antiquated bureaucratic procedure of going to IT with every new analytical reporting request no longer is necessary. Today's savvy companies have web-based tools

that enable them to design and control output and analysis.

This is how you turn data into action—by giving the people that influence returns the tools to analyze, understand and take action to make a difference. Successful action-oriented companies have used the data to improve store compliance, monitor loss prevention, maximize asset recovery, improve vendor relations and reduce overall returns.

Best Practices and Benchmarking

So how can your company make the same progress? You can start by implementing reverse logistics best practices. Those that have made progress in lowering their overall returns rate did so because they captured the data at the lowest level and utilized technology tools to analyze it. Doing so does require, however, that you have a reverse logistics program in place to capture the information.

Even if there are not benchmarking opportunities within your particular industry, you often can glean valuable information by studying other industries that have more mature reverse logistics programs. While they

may not directly correlate, many times there is valuable information that can be modified to fit your particular industry.

Commitment and Collaboration

Successfully turning data into actionable information takes more than just a goal; it takes commitment and collaboration. First, there must be a commitment to implementing a reverse logistics program and to investing in the technology that captures, reports and analyzes information to the lowest level of detail. And, once you have that information, an owner of the reverse logistics program must collaborate with a cross-functional team to analyze the information. By collaborating with all the functional areas that influence returns, silos are broken down and action is taken to make an overall profitable difference for the company.

Collaboration doesn't end internally though. External collaboration with vendors and customers ensures that your returns program can reach new levels of success. The information analyzed can point out opportunities in packaging materials, packaging supplier quality, shipping quality, store

policy compliance, shrink, product defects, process improvements, and asset recovery yield maximization. All of these improvements can be made only if the reverse logistics data is made assessable and analyzed for action.

By implementing the ABCs of Reverse Logistics Information Management 101, companies can achieve their ultimate goal of reducing returns and building a more efficient process. An investment in technology tools that allow flexibility, easy access, watch lists and exception analysis is key. Without technology driven web-based tools that allow companies to control the data that they need, with custom analysis and cross functional access, progress can't be made quickly. And, quickly is key, because in the information age those that can analyze quickly and take action are the ones that will competitively jump ahead and improve their bottom lines.



Mark Doughton is president of CLS, an Inmar Company. CLS provides technology-driven reverse logistics and supply chain solutions. For more information, visit www.cls.inmar.com.

Technology Spotlight

Green computing

Companies are becoming increasingly aware of their responsibility to improving the environment. Shareholders are demanding corporate social responsibility plans and evidence of environmental awareness has become an indicator of a well-run organisation. As a major source of energy use, IT has a critical role to play.

The terrors of travelling with data

One thing that hasn't been given enough attention by the public is the recent discovery of regulations that the U.S. Department of Homeland Security border agents now have the power to seize travellers' electronic devices, such as hard drives, flash drives, cellphones, iPods, pagers and beepers, as well as video and audio tapes, books, pamphlets and other written material. They can make copies of their contents and examine them at their leisure, and share the contents with other U.S. government agencies.

The Growing Trend Toward Shrinking Devices

From notebooks to netbooks, ultramobile PCs to smartphones, we're accessing the Internet on smaller and smaller devices. Portability is one major factor driving the trend, but as screen sizes get smaller, are consumers likely to stop the shrinkage?

Returns Are a Strategic Opportunity



It's true. What once was considered a pain in the "back end" of your supply chain now holds the key for customer loyalty and profit improvements. How? By including returns in a holistic view of the supply chain.



With a strategic program to prevent, manage and recover your returns, you'll soon find assets hiding in reverse.



Think Returns.
Think Strategic.
Think CLS.

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A Moment of Personal Reflection, How to manage your most import asset... Your Health



I was introduced to the Reverse logistics field about three years ago and at first glance didn't think it applied much to my industry. I understood that many companies seek to cut costs and improve their bottom line by limiting lost revenue in the reverse supply model. Many times it is a last "ditch effort" to regain all that has been lost from years of neglect, only to realize the enormous benefit it has and could have been over the past years. To the savvy individual, reverse logistics is all about prevention, not cure. Prevention from losing efficiency, production, and revenue that, once has been lost, is just about impossible to regain. The phrase "a penny saved is a penny earned" is all too true in today's fast changing economic market place, but it doesn't stop there. I realize that this form of thinking exists outside of the business world and extends to the very core of humanity. There is a concept that is very import to remember. It is "the limitation of matter." That is, that once something is gone, there is no way to get it back, just like your lost time, energy or finances.

I know all you who are smart enough to read this magazine are the top percent of your business field, but are you the top percent of taking care of the most priceless asset you possess? Your health! On any given week you would have the foresight to make sure your company was staying as far away from pitfalls, real or potential, as possible. You spend hours in planning so that your business may experience longevity, but will you be there to see it all come to fruition? My hope for you would be yes. I imagine you would be asking yourself, "Well, If my health is not based on symptoms (aches and pains) then how am I to know when and where to get checked? Go see a Chiropractor. My business is people and health, and just as reverse logistics is all about prevention, so is Chiropractic. The World Health Organization (WHO) defines health as "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity."

In other words, health and symptom-free are not equal. Just like you don't wait until you are bankrupt (symp-

tom) to start looking for ways to cut costs, you shouldn't wait until you are lying on your deathbed to start thinking about lowering your cholesterol. The obvious example is the heart attack victim that exhibited no outward symptoms. If asked hours before the attack if they felt they were "healthy", the most common answer would be "yes", but as time would show, they definitely did not fit the definition. The answer is very simple... Just like you frequent the dentist office every 6 months to get your teeth checked (symptoms or not), or visit the optometrist to verify the need or not for glasses, a Chiropractor should have a specific piece in your health care team. The difference is that Chiropractors are trained in health and as we have already discussed health is not simply

"I don't have any pain, therefore I am healthy." But, rather, each of us has an optimum- optimum mental and physical health. A Chiropractor is the only health care professional that is trained on a health model not a sickness model.

Continued on Page 44 ►

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Keynote Speaker
Gailen Vick
President, RLA

Economy Demands RL Outsourcing

We've all watched the recent dramatic economic downturn and yet some companies are reporting profit. Reverse Logistics Association President and CEO, Gailen Vick will talk about how 3PSPs should now be ramping up their marketing efforts as many OEMs will be looking for partners to help them solve their financial problems. Now is the time for companies in the 3PSP arena to get aggressive; to show OEMs and Retailers the cost savings that they are looking to find.

With over 30 years experience in aftermarket supply chain, engineering, manufacturing and marketing, Gailen's RL knowledge is a resource to companies across all industries.

Join us to learn how service providers can help OEMs and Retailers meet their financial missions."

Attendee Note: On October 1, 2008 Le Meridien Hotel will be changing its name to The Concorde Hotel.



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

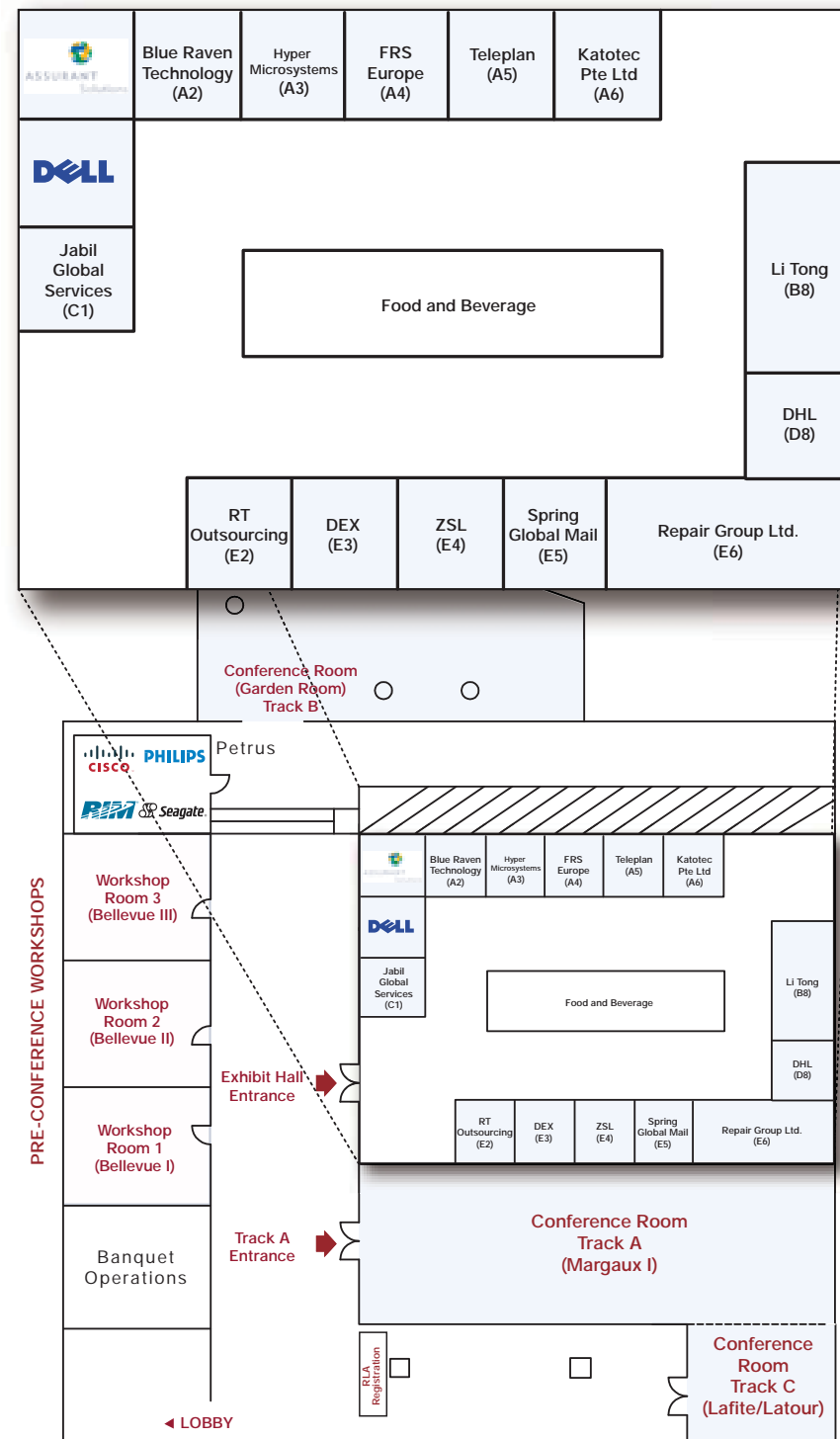
For more information on RLA Conference & Expo Singapore, please visit:

www.RLASHows.com

Conference Schedule

TUESDAY - OCTOBER 7, 2008		
RLA Workshops		
9:00AM-4:30PM	Room 1	Room 2
	Gailen Vick, President, Reverse Logistics Association	Randy Whitehead, President, National Service Alliance (NSA) Kok Huan Tan, Sr. Service Program Manager, Dell
RLA Industry Focus Committees - Open Discussions		
9:00AM-4:30PM	Room 3	
	Committee Chair: Sanjeev Kakar, RT Outsourcing Service Ltd, <i>India Focus Committee</i>	Committee Co-Chairs: Peter Chung, Chungco Technology Stephen Barnett, Repair Group Limited, <i>Asia-Pacific Focus Committee</i>
6:00PM-8:00PM	RLA Reception for Exhibitors, Sponsors and Speakers - Exhibit Hall	
WEDNESDAY - OCTOBER 8, 2008		
8:30AM	Exhibit Hall Opens	
10:30AM	Welcome Remarks - Rebekah Nixon, Faculty & Seminars Manager, Reverse Logistics Association	
11:00AM	Keynote Address - Economy Demands RL Outsourcing Gailen Vick, President, Reverse Logistics Association	
12:00PM - 1:30PM	Buffet Lunch - Exhibit Hall	
1:30PM	Track A	Track B
	Reverse Logistics: Understanding The Business Impact of Returns: Who Do We Serve?	Creating Value from Returns - The Design of Service Networks
2:30PM	Track A	Track B
	Supply Chain and Leadership in Today's Reverse Logistics Market	Thinking Forward in Returns
3:30PM-4:00PM	Intermission - Refreshments - Exhibit Hall	
4:00PM	Track A Panel	Track B
	Panel Discussion: Methods of Outsourcing	How to Create and Maintain Profitable Partnerships
5:00PM - 7:00PM	Round Table Discussions	
THURSDAY - OCTOBER 9, 2008		
8:30AM	Exhibit Hall Opens	
9:00AM	Track A	Track B
	Controlling Reverse Logistics Processes to Improve Bottom Line	RFID Information for Recycling EOL Consumer Electronics
10:00AM - 11:00AM	Intermission - Refreshments - Exhibit Hall	
11:00AM	Track A Panel	Track B
	Panel Discussion: Challenges of Creating World Class & Automated Reverse Logistics Processes in Emerging Markets	Designing an Integrated Reverse Logistics and Service Support Network
12:00-1:30PM	Buffet Lunch - Exhibit Hall	
1:30PM	Track A Panel	Track B
	Maximizing Opportunities From Managing Sustainability Risk	Driving Supply Chain Profitability with Product Donations
2:30PM	Track A Panel	Track B
	Panel Discussion: Increasing Customer Loyalty and Managing Environmental Challenges	How Repeat-Use Packaging Solutions Can Reduce Costs and Enhance RL Practices
3:30 PM	Closing Remarks - Jeremy Vick, VP WW Business Development, Reverse Logistics Association	
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)	

Expo Floorplan



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Using an Electronic Tracking and Ordering System (eTOS) to Enable Your Customers to Become Your Partners

by Duane D. Knecht

The primary function of a world-class services organization is to support its global customers with all of the hardware maintenance, technical support and/or professional services they require to keep their business systems—and business operations—up and running at all times. This is a daunting task, and one that only works best when both the services provider and its customers perform together in a partner relationship, rather than merely going through the motions in a disjointed vendor-customer relationship.

This is where we believe that the availability and use of an Electronic Tracking and Ordering System, or eTOS, can facilitate the establishment of a true working partnership that empowers both the provider and its customers to contribute to the common goals of consistently high performance quality, timely execu-

tion and response, and the ability to monitor the status of outstanding orders at any time—in real time.

In fact, we believe that virtually any services business can benefit from the availability and use of a real-time tool, like eTOS, that enables all applicable parties to:

- Share common data and information, along with the ability to enter, edit and update “live” product, service and support order data online;
- Track the status of current parts, logistics and repair orders; and
- Monitor inbound and outbound shipping information.

Even at the back-end, eTOS can also be used as a means for generating, collecting and reporting ongoing trend data to be used as input into each party’s internal data systems (i.e., for both the services provider

and the customer). The availability of this data and information on both a real time—and accurate—basis makes eTOS an even more valuable tool.

What Is an Electronic Tracking and Ordering System (eTOS)?

We believe that eTOS should be positioned in the organization as a global e-business solution that provides users with real-time, “need-to-know”, data that allows management to make better decisions, dispatchers to schedule their field technicians more efficiently, and customers to know exactly when they are going to be receiving their ordered products, parts and support.

However, an effective eTOS must be designed to seamlessly connect the customer with the provider’s IT systems via user-friendly interface. It must also offer effective process flows, and provide integrated on-line management to its users. The main applications of eTOS would be the ability to track all logistics, parts and repair ordering activities including, but not limited to:

- Entry of service orders and RMAs
- Monitoring and/or defining inventory levels
- Monitoring inbound receipts of fulfillment equipment
- Tracking shipments and work-in-process

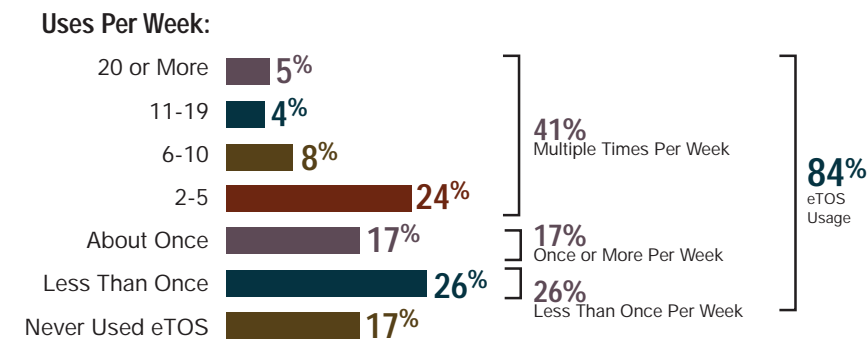
CTDI strives to be a partner to each of its customers. Information technology and the Internet have long been key drivers in the company’s ability to support customers which is why our software engineers have designed eTOS to provide our customers’ field techs, planners, and sourcing organizations with the ability to easily order parts or equipment online, and to track their orders - in real time - via the web.

Results from a recent third-party survey have confirmed that this sense of partnership is based on our ability to perform operationally, and share data and information with our customers. Much of this data is routinely collected, monitored and reported through our proprietary Electronic Tracking and Ordering System, or eTOS.

We believe we have successfully positioned eTOS as a powerful on-line tracking and ordering tool to enhance our global customers’ ability to orchestrate their service business needs more efficiently and effectively. Through eTOS, our customers’ field techs all over the world can utilize their own networked systems to enable the placing and tracking of orders at any time, and from any place. As our company chairman & CEO, Jerry Parsons has said, “... if you can order flowers anywhere around the world via the Internet, why can’t our customers order their network equipment just as easily?”

Figure 2

Current Usage of eTOS Systems
2008 Field Tech Survey Base
(Percent Response)



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- Monitoring and/or management of the customer’s inventories
- Measuring performance against Service Level Agreements (SLAs)

At its core, eTOS should be a web-based, platform-independent, electronic tracking and ordering system with a GUI front-end. It should be able to connect customers to their service provider’s internal systems without any interface problems, providing them with one-stop, online, functionality and a real-time connection to their primary third-party logistics partners - along with the ease of seamless interface to their own, respective, customer IT systems.

eTOS should also be designed to offer a fully configured, customized repair and logistics solution that can be used by customers in a wide variety of applications including ordering parts or equipment, configuring a cabinet, and managing inventory on-line, etc. As such, eTOS can serve as a powerful tool that can be used to make internal operations run quicker and more efficiently, ultimately serving to increase customer satisfaction through improved service and support performance. An optimal eTOS tool would also be designed to provide users with dashboards, providing them with the virtual real-time status of key program metrics.

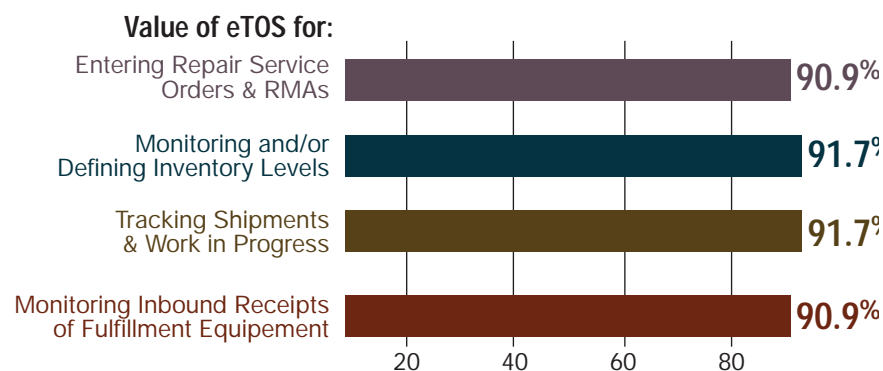
From a strictly technical standpoint, eTOS should be designed to support most web browsers and operating systems, including Windows 2000, Windows XP and Internet Explorer 5.0, or higher. The services provider should also have the ability to customize the eTOS interface, if requested, to exactly match a customer’s specification for items including web scripting, database-database transfer, etc. In addition, it should be able to interface with all major ERP systems, such as SAP, Oracle, PeopleSoft, Clarify, and others.

What Do Users Think about the Value of eTOS - and How Are They Using it?

In 2008, based on the results of a survey conducted by independent market research and consulting firm, Strategies For GrowthSM (SFGSM), approximately 50% of the telecom executives surveyed claim that they currently use eTOS, up from only 11.8% one year earlier - an increase of more than four times! What has made this increase even more dramatic is that a majority of these users further indicate that they are also directing their respective field techs to use eTOS (currently reported at approximately 83% usage). As such, we strongly believe that the use of

Figure 1

Perceived Value of eTOS Functionality
2008 Telco Executive Survey Base
(Percent of “Extremely” or “Somewhat” Valuable)



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eTOS is fairly widespread and expanding. According to industry analyst and SFGSM company president, William K. Pollock, "The survey results clearly show that the availability and use of eTOS has led to significantly increased customer satisfaction across the board - both on the part of the executive users, as well as for the thousands of customers their respective organizations support."

The survey also revealed extremely high levels of value for eTOS among our existing executive-level customer base as reflected by the percent indicating either "extremely" or "somewhat" valuable for each of the following areas of functionality (Figure 1):

- Monitoring and/or defining inventory levels 91.7%
- Tracking shipments and work-in-process 91.7%

- Entering service orders and RMAs 90.9%
- Monitoring inbound receipts of fulfillment equipment 90.9%

The field techs surveyed provided similar ratings for each of these functions, but the real proof of the value of eTOS is in the frequency with which they routinely use it in the field (Figure 2). For example, in 2008, 41% of the field techs surveyed claim they use eTOS multiple times per week, including 9% who use it more than 10 times per week. A similar count of approximately 43% indicate they use eTOS once or less per week; and only 17% report that they have not yet used the system. All told, the average field tech supported by eTOS uses the tool between one (median) and four (mean) times per week.

Summary

We believe that only by becoming a true partner with your custom-

ers, will you be able work together to provide world-class solutions. However, an eTOS application can provide the basis for such a partnership that can serve both the organization and its customers equally well. A well-designed eTOS can provide seamless accessibility, widespread utilization and increased satisfaction for the organization's global customer base.



Duane D. Knecht is Vice President Sales and Marketing for Communications Test Design, Inc./CTDI, a premier telecommunications service company that has provided groundbreaking, innovative maintenance and product service solutions to the global telecommunications industry since 1975. Duane can be reached at (610) 793-8327 or via e-mail at dknecht@ctdi.com. CTDI's website is accessible at www.ctdi.com.

committee update



Disruptive Technology Promises to Streamline Reverse Logistics Business Reporting

by Anthony Schell

Imagine handling hundreds of suppliers' returns where the industry standardizes on a common platform of reporting terminology and a single format for processing returns and aggregating performance metrics. The days of dealing with hundreds of proprietary formats and manually consolidating these formats would be a distant memory.

The RLA standards committee is working on such a reality and the underlying technology (or single format) is called XBRL (eXtensible Business Reporting Language).

XBRL is a disruptive technology swelling up around the world. Its first use has been in external reporting and governmental data collection arenas.

Japan, China, Singapore, United States, Spain, United Kingdom, Belgium, Australia, and Netherlands are just a few countries that have assessed and are implementing the promised value of XBRL. Japan, China, Singapore, Spain, United Kingdom, and Belgium are requiring their publicly traded companies and/or small businesses to submit their business information in XBRL. Japan has a first-of-its-kind XBRL solution interfacing a new account-

ing system across 36 subsidiaries with 32 separate legacy accounting systems. The Australian and Dutch governments invested \$208 Million and anticipate a reduction of 25% in processing costs, respectively.

Recently, the United States' Securities and Exchange Commission (SEC) announced a unanimous decision for a proposed ruling, requiring XBRL for the largest public companies this 2008 year.

In general, these countries and their companies have realized that the information technology highway is no different than other historic advancements. Each advancement



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RLA Member Company, Inc. Return Rate Performance Report (in millions)

	Year End Dec-08
Returns	12
Unit Sales	÷ 600
Return Rate	<u>2%</u>
	<u>6</u>

Figure 1: Date & Presentation

in history typically evolves into a standardization phase. The advancement of electricity standardized on voltage strength and wall-outlets for our homes. Cell phones went from analog to digital, and some countries standardized on one digital protocol. Standardization eliminates inefficiencies in technological advancements and ultimately provides benefits to its consumers at a more cost effective price point.

Business information and reporting technologies are not uniquely different from standardization requirements of prior historic advancements in the electric or cellular industries. Although there are a number of ways to standardize, XBRL promises to be the standard of choice for business information reporting. Currently, business information reporting is limited to text based or proprietary reporting from enterprise wide applications. These various protocol forms of business information reporting create inefficiencies in the marketplace for preparing and consuming information. The XBRL standard promises to separate the need for specific software applications from their proprietary formats through standardization. This

enables any software application that generates and/or reads XBRL to drive significant efficiencies into the marketplace around business information reporting.

XBRL explained - Figure 1 has a simplified version of the type of business reporting industry has grown to appreciate. Note, the business report contains contextual information required to interpret the business data. In general, the consumer of this information requires the following contextual informa-

Although there are a number of ways to standardize, **XBRL** promises to be the standard of choice for business information reporting.

www.RLmagazine.com

Machine Readable Data - Tagged

Year End Dec-08 RLA Member Co, Return Rate Report

	Figure 2
12 Returns: units (in millions)	
600 Unit Sales: units (in millions)	
6 Operating Product Returns: units (in millions)	
1 Return Rate (new): %(in millions)	

tion: company name, report type, scale, time period, units, and line item descriptions. For example, 600 by itself is not enough information. If the optimal contextual information is added to the number, then the consumer understands the 2008 Unit Sales were 600 Million.

Machine-readable XBRL works this way, by "tagging" the data with the appropriate contextual information, see Figure 2.

Standard machine-readable data "tags" streamline the workflow of business information between the preparer and consumer, by removing the following inefficiencies: 1.)

the consumer re-keying data and 2.) the preparer wrongly assuming the consumer's desired presentation format, which ultimately gets re-formatted by the consumer anyway. As a result, standardized "tagged" data rightly places the preparer in control of the contextual descriptions using standard tags while appropriately enabling the consumer to control the presentation, as in Figure 1 or another analysis presentation.



Anthony Schell he is a member of the Standards Committee. All members are listed on Page 10. For more information on the committee, visit

please contact the Committee Chair, Dr. Ron Tibben-Lembke at rtl@unr.edu.

ValuLink is a strategic consulting & professional services firm with an XBRL offering. xbml@valulink.biz, toll free at +1 (888) 412-LINK, or www.ValuLink.biz.

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	Dec	London, UK
2009	Dec	Salt Lake City, UT
	Jan.	Los Angeles, CA
	Feb.	Las Vegas, NV
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	April	Chicago, IL
	May	Seattle, WA
	June	Amsterdam
	July	Detroit, MI
	July	United Kingdom
	Aug.	Washington DC
	Sept.	Memphis, TN
	Oct.	Singapore
Oct.	San Francisco, CA	
Nov	Dallas, TX	
Dec.	Salt Lake City, UT	

Reverse Logistics Association Sustainability and Environmental Management Committee

by Jade Lee

Sustainability and Environmental Stewardship has become an issue that is generating substantial attention around the world. The significance of its impact was succinctly captured by Mr. Paul Laudicina, Chairman of the Board of the world renowned consulting firm A.T. Kearney: "This is an absolute shift in the paradigm for doing business today and in the future. We have not seen a shift in the norms of business as pronounced as this since the dawn of the information age."

Definitely, corporations, businesses and governmental institutions are all forced to behave differently in today's world. CEOs are now measuring their business success by encompassing their companies' sustainability footprint and environmental performance. On the other hand, more and more consumers and business entities are demanding evidence of sustainable business practices when they choose prospective business partners. In other words, sound environmental stewardship will translate to solid business practices that contribute to company's bottom line as well as the long-term business growth. The Green Electronics Council has reported that sales of EPEAT-registered products worldwide in 2007 totaled more than 109 million units. The market share has grown to 22% compared to 10% in 2006.

In addition, U.S. EPA is drafting a mandatory greenhouse gas reporting plan for emissions above certain thresholds for all sectors of the economy in line with a mandate from Congress. This development further demonstrates that sustainable environmental management is not only something nice to have, it is one key area that businesses must have nowadays.

When addressing sustainability and carbon footprints, the focal points are usually centered around product design, manufacturing and energy saving in the forward supply chain arena. This is evidenced in the majority of the environmental criteria (23 mandatory, 28 optional criteria) of the Electronic Product Environmental Assessment Tool (EPEAT) developed by the Green Electronics Council partners including environmental organizations, government agencies, manufacturers and other interested stakeholders. However, EPEAT also begins to address the end of product life management issues. Although simple at the present time, it nevertheless includes the "Take-Back and Recycling Service" as a mandatory criteria and "Auditing of recycling vendors" as an optional criteria.

In fact, Reverse Logistics begins to play an increasingly key role in contributing to the sustainability footprint. It has gained attention at the CEO level as a cornerstone to reposition the company in the marketplace.

It is also utilized by the Sales and Marketing executives as an effective competitive tool. Several leading technology companies such as Dell and Hewlett-Packard differentiate themselves from peers by offering end-of-life electronics recycling services. Many large corporations as well as government agencies now only buy from companies that have solid programs for managing end-of-life equipment.

Yet, being sustainable and environmentally responsible at the Reverse Supply Chain arena is a complex issue. In the international and domestic marketplaces, laws and regulations have been implemented to regulate how manufacturers, collectors, recyclers, refurbishers and material processors should behave in an environmentally responsible manner. The WEEE in Europe and the 16 State E-waste laws passed in the United States have sent strong messages that this issue is a serious one that can not be ignored. U.S. EPA, working with a small group of stakeholders, which the author is one of the group members, from Federal and State agencies, OEMs, recyclers, industry associations and NGOs, is also in the process of finalizing a Best Management Practices Standards (titled Responsible Recycling, R2) for the Electronics Recycling industry. The R2 standards demand stringent EHS management systems, responsible management of focus materials (CRT glass, circuit board, battery, and mercury containing items), downstream due diligence, export

control management, data security management and facility security among recyclers, refurbishers/refurbishers and processors.

The Reverse Logistics Association's Sustainability and Environmental Management Committee (SEMC) was created to address these two crucial issues facing today's business environment. It is intended to provide a platform for OEMs, corporations, recycling service providers, repair/refurbish service providers and remarketers to collaborate, exchange information and strive to identify and develop effective approaches, frameworks and guidelines to achieve the highest sustainable and environmental accomplishments possible and ultimately lead to the enhancement of company's bottom line.

The target focus areas of the committee are:

- To define the true meaning of Sustainability and Environmental Management Control applicable in the reverse logistic arena
- To explore the areas where reverse logistics (repair, refurbish, recycling, remarketing, etc.) can contribute to the sustainability
- To establish criteria that the contributions could be measured
- To gain in-depth understanding of environmental laws and regulations applicable to the reverse logistics arena
- To gain in-depth understanding of the Best

Management Practices (BMPs) for sustainability and environmental management

- To collaborate with other RLA committees, such as the Standard Committee to formalize documents developed by SEMC

For more information about the RLA Sustainability and Environmental Management Committee, please contact Jade Lee at jadelee@supply-chainservices.com.



Jade Lee is the President of Supply-Chain Services, Inc. (SSI), a leader in Electronics Recycling and Reverse Logistics Services.

Under Jade's leadership, SSI has transformed from a single electronics recycling service provider to a corporate customer's value chain partner capable of delivering integrated solutions in the entire Reverse Supply Chain arena. SSI's services include Reverse Logistics Planning, RMA Management, Product Return Management, Refurbish, Parts Harvest, Re-Kitting, Redeployment, Remarketing, Design for Environment (DfE), Consulting and Electronics Recycling. Jade Lee is chair of the Sustainability and Environmental Management Committee. Committee members are listed on Page 10. For more information on the committee, visit please contact Jade at jadelee@supply-chainservices.com

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Reverse Logistics in India: The Facts, Figures, and Realities of Doing Business in One of the Fastest Growing Economies on Earth

by Oliver Lemanski

India is a big country with big challenges. Just picture it; one sixth of the world's population residing in a country only one third the size (by land mass) of the US divided into 28 individual states, each with its own intricate tax and governmental regulations. It is estimated that by the late 2020s, India will overtake China as the most populated country across the globe. Although, like China, the entire country adheres to a single time zone (India Standard time, or IST, is 5.5 hrs ahead of Greenwich Mean Time) there are 18 major languages and over 840 regional dialects spoken in comparison to China's one. Couple that with booming economic growth – particularly in the consumer goods market – and this means a potential recipe for disaster when it comes to managing your reverse supply chain.

As has been seen time and time again in booming hi-tech economies elsewhere around the globe, the message from retailer, distributor, and OEM management since the dawn of the sales explosion

has been simple: sell as much as possible, as quickly as possible and dominate the market share. The reverse logistics industry has been left in the shadows, and senior management are only now starting to realise the complexity and heartache involved with setting up an efficient service supply and return network.

Rank	Country	2008 Population	Rank	Country	Size (Km ²)
1	China	1,330,044,605	1	Russia	16,679,998
2	India	1,147,995,898	2	Canada	9,458,886
3	USA	303,824,646	3	USA	9,210,755
4	Indonesia	237,512,355	4	China	9,198,103
5	Brazil	191,908,598	5	Brazil	8,480,395
6	Pakistan	167,762,040	6	Australia	7,634,648
7	Russia	153,546,901	7	India	3,209,716
8	Bangladesh	140,702,094	8	Argentina	2,736,391
9	Nigeria	138,283,240	9	Kazakhstan	2,619,352
10	Japan	127,288,419	10	Sudan	2,492,385

Source: www.nationsonline.org

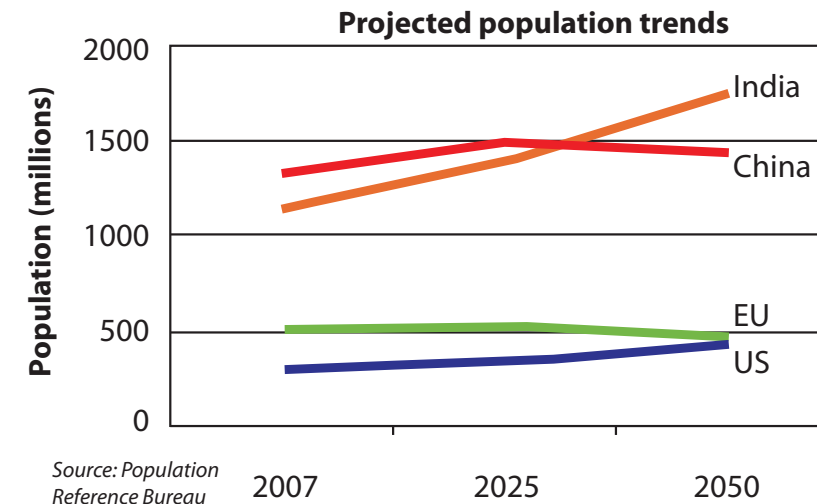
The Indian market:

As many multinationals have found upon starting operations in India, embracing local operations and regulations rather than fighting them is the key to launching successful operations. A simple “cut and paste” from other regional operations will stand little chance of success in India.

In the logistics market, both DHL and TNT Express have launched renewed focus on the India market, and both have acquired established local Indian 3PLs in order to ensure that they have the local reach and infrastructure (TNT acquired Speedage, whereas DHL bought out Bluedart), leaving Gati and Safex as the only remaining Indian 3PLs with recognised national coverage. Specialised Indian reverse logistics companies such as RT Outsourcing Services have grown in response to the niche service environment bridging the gap between 3PL and 3PSP.

The retail sector is dominated by

the conglomerate Indian giants of Reliance, Future Group, Subiksha and Tata (who recently purchased the Jaguar and Land Rover brands from Ford earlier in 2008) as well as the growing presence of many international chains; Wal-mart, Carefour and now Tesco. The Associated Chambers of Commerce and Industry of India announced this



Source: Population Reference Bureau

year that the retail industry enjoyed a growth rate of 25-28% in 2007, reaching a year end value of approx \$300bn (USD), although remarkably due to the infrastructure and logistical issues less than 5% of all product sales occur through organised retail distribution channels.

The mobile telecoms market is a jumble of international and Indian players, with the operator market dominated by the latter. There are over 10 carriers bidding for customers including the sole multinational representative Vodafone (who purchased 52% of the Indian company Essar Group's network, and have approx 15% of subscriber base) who compete with the Indian brands of Airtel, Reliance, BSNL (state owned carrier), Tata and Idea Cellular. Yes, that's the same Tata and Reliance who dominate the retail industry (as well as the automotive, oil, tea, steel, power, appliances, and IT industries to boot!). The handset OEM race is dominated by Nokia against fierce competition from the usual suspects (LG, Samsung and Sony Ericson) but all have been frantically trying to keep up with the ever growing penetration rate of mobiles to consumers; from 5% in 2004 to over 20% in early 2008, and remember the size of the population! In fact, in April 2008 the Telecom Regulatory Authority of India proudly announced that with

over 300 million subscribers, India had become the second largest wireless network in the world behind China (10.16 million subscribers were added in March 2008 alone). This is expected to increase to over 500 million by 2010.

Key challenges faced in setting up reverse logistics network:

The greatest challenge faced by all in the Indian supply chain (forward or reverse) is geographical constraints. There are significant infrastructural issues with anything past a C or D tier city; communication, transportation reach, power supply and connectivity are intermittent at best. There are massive supply and return issues with 73% of the ever growing population living in rural areas, hence the reason that only 5% of sales are through organised retail channel. This drives the question: is it acceptable to get 5% of returns through organised channels?

Disparities between tax regulations of individual states cause further woe. You can spend months trying to understand the different tax rules and regulations across states and still be none the wiser, as they seem to change constantly. The government is currently introducing measures

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Contact: Mr. Sanjeev Kakar

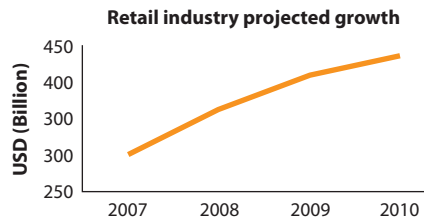
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to reduce this pain by standardising VAT across India and abolishing the colonial status of the “Octroi” status of Maharashtra (one of the a states) which impose further taxes and restrictions on goods shipments.

India in numbers:

- 1: rank as the highest populated democracy in the world
- 7: the number of countries India borders by land
- 8 and 50: percent obtain higher education and secondary school enrollment (respectively)
- 25 and 68: the median age in years and life expectancy (respectively)
- 40: approximately the number of Indian Rupees to the US dollar
- 61 and 73: the % literacy rates in adults and youths (respectively)
- 73: the % of the population living in rural communities
- 400: The average price (in US dollars) for a top end hotel room in Bangalore—the city is known for its short supply of rooms and inflated prices
- 720: the GNI per capita (in US dollars)
- 7600: the total length of Indian coastline (km)
- 380,000,000: the number of people who voted in the 2004 national election

The effect of consumer demand is also significant. In the consumer goods industry it is thought that over 80% of Indian demand for products is for mid to low order goods, so product mix is often not comparable to other geographies. However, the lower end product ranges does not necessary point towards swap rather than repair policies as it might in western countries; labour costs in India are low and many OEMs choose to manufacture parts within India to avoid cumbersome import regulations and costs.

Electrical consumer goods tend to face particularly high return rates due to the fluctuating power supply across India, which surges as much as it intermittently cuts out. This leads to decreased “No Fault Found” rates for power related faults, further

affecting material re-utilisation and repair strategies.

The impact of all these limitations must reflect in the reverse logistics strategy of any OEM, retailer or distributor, and perhaps this is why many multinationals struggle to adjust to the Indian climate. In an industry governed by turn-around-times, the concept of centralised returns hubs and repair facilities in such difficult logistical conditions

must be carefully planned, assessed, and agreed with all parties before engaging first gear. The challenges for logistics begin with recognition that only 50% of the roads are paved, and that moving product between states requires complex navigation of disparate governance and documents.

Perhaps the saving grace up until now (for OEMs and retailers anyway) has been the relative lack of consumer awareness about return policies and warranties. However, with the help of the internet, consumer understanding is increasing, causing OEMs such as Nokia, Sony Ericsson, Whirlpool, LG, Samsung, and Canon to inject significant investment towards building world class, realistic and sustainable reverse logistics infrastructures which can function in India’s somewhat unique environment.



This isn't my lunch!

If there was ever a truly remarkable success story for reverse logistics, it must be that of the 100+ year old “Mumbai lunch rota,” where every morning over 5,000 men and woman (known as dabbawallahs) descend on the sprawling apartment metropolis of suburban Mumbai to collect lunch tins (known as dabbas) from the spouses of those who have had to leave for work early in the morning to beat the infamous traffic congestion. The monthly subscription costs approx 300 rupees (\$7.5 US), and for this you can rest assured that your dabba will find its way into your appreciating other half’s hands by mid-day. On the way, the dabbas are consolidated and transported by foot, bicycle, and train before being re-distributed to their addressee. Apparently messages, business deals, and even offers of marriage have been passed through the dabbawallahs, who are well respected for the service and who complete all of this without computers or cell phones. Anyone for curry?

The RLA has now launched the India Focus Committee which is focused on creating a forum to both encourage and promote RL best practices and techniques followed across the globe in India. If you are interested about hearing more about the committee, please contact the RLA for details about upcoming events.



Oliver presently heads all Asia Pacific operations for MGH Consulting Ltd, a niche management consultancy firm specialising in the after sales service and reverse logistics arenas. MGH focuses on both the development and deployment of leading edge service strategies which deliver sustainable, cost efficient, realistic, and competitive solutions to its clients, who are typically blue chip multinationals. Oliver has worked across Central and Eastern Europe, India, China, Australia, and elsewhere in the Asia-Pacific region. He is based out of MGH’s regional office in Singapore, although he spends much of his time in India where MGH has established operations.

Oliver is a member of the RLA India Committee. Committee members are listed on page 10. For more information, please contact committee chair, Sanjeev Kakar at skakar@rteservices.com

Feedback and additional inputs from John Mehrmann, ZSL Inc

Notes:

The right passage to India, McKinsey publication by Kuldeep P Jain, Nigel A S Manson, and Shirish Sankhe. Feb 2005
 India census- National Commission on population; PRB, 2007
 2007 World Population Data Sheet; Population Reference Bureau, 2007
 The Mumbai working lunch; The Independent, March 2006
 Press release; Telecom Regulatory Authority of India, 25th April 2008

Wireless News

Not Just For Phones Anymore, The “R” Word = Very Hot Granite Countertops...

Granite countertops are hot for kitchens and bathrooms—but are they too hot? Too hot to handle? As in radioactive? Yes, apparently, some are, there is little doubt. Radiation is as natural as dirt.



Deadliest Repair Job

Working on cellphone towers is the deadliest job in the U.S., according to a trade publication whose report was picked up by several tech blogs. The claim gained credibility when it was repeated by the head of OSHA (the Occupational Safety and Health Administration), and it is being touted in publicity materials for a “Dateline” special to air tonight about the job. But a different federal agency that compiles job-safety statistics can’t verify the claim—which should come with a few caveats.



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RLA Consumer Electronics Focus Committee

The RLA Consumer Electronics Focus Committee recently conducted a survey to obtain current feedback from OEMs, 3PLs, Suppliers, Retailers and Other Interested parties on their topics of high interest. Below is a summary of survey findings.



PRODUCT CATEGORY INTEREST	RANK
Early Detection of Product Defects	1
Refurbishing-Testing-Screening	2
Depot Repair	3
End of Life Mgmt	4
Re-Manufacturing	5
Customer Service/Credit Issuance	6
Warranty Management	7
Inventory - Excess Refurbished or "As Is"	8
Re-Marketing (Selling Refurb "B" Channel Product)	9
Recycling	10
Inventory - Excess New	11
Disposal & Landfill	12
Spare Parts Management	13
Corporate Social Responsibility	14
Help Desk/Call Ctr Mgmt	15
Field Service	16

Survey WINNER Announcement: Congratulations to Guido Kuckartz, Transport and Project Manager at Arvato Digital Services, whose name was selected at random from all CE survey respondents. Guido will receive a Toshiba SD-P2900 DVD Player.



PRODUCT CATEGORY INTEREST	RANK
Wireless/Telecommunications	1
TVs, Display Devices - Brown Goods	2
Notebook/PC	3
Office Equipment	4
Photographic & Optical Equipment	5
Home Improvement	6
Data Storage	7
Appliances - White goods	8
Marine Electronic Equipment	9



Interest by Location	RANK
North America	1
EMEA	2
Asia Pacific	3
Latin America	4
Japan	5
Australia & New Zealand	6

Next Steps: Look for updates from the CE Committee on white papers and resources that are currently in demand by our RLA community! Please contact our Committee Chairs, if you have questions or would like to join our Committee—email Mary Ellen Daniels at medaniels@compuspar.com or Chris Fabian at cfabian@profservsolutions.com. More information on the CE Committee is available from the "Industry Committee" page of the RLA web site (www.ReverseLogisticsAssociation.org).

Read the Press

Best Buy Tests Free E-Waste Recycling

Electronic retailer Best Buy has selected Virginia as 1 of 8 markets where it plans to test its new e-waste recycling program. The trial covers 117 stores and is designed to ensure millions of obsolescent TVs, old computers and other unwanted gadgets don't poison the nation's dumps—even if they weren't originally purchased at a Best Buy store.

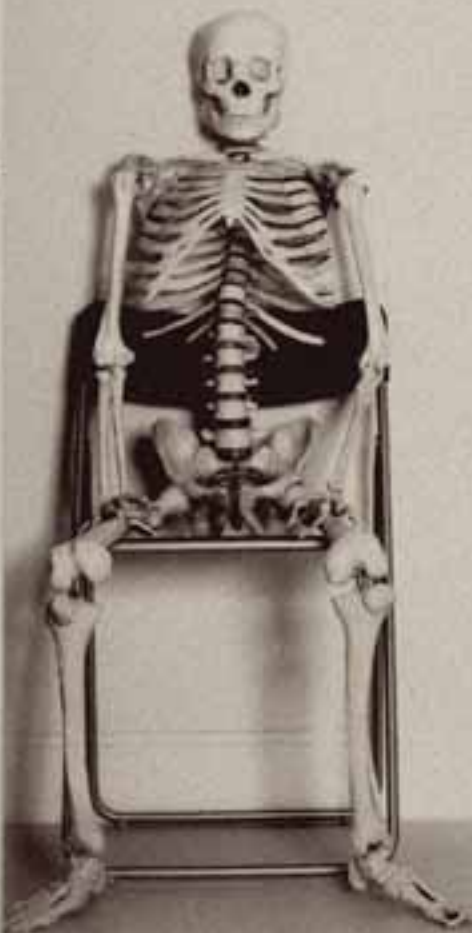
Lenovo Asset Recovery Service Helps Businesses Go Green, Turning Computer Trash into Cash

Lenovo today introduced Lenovo Asset Recovery Services (ARS), a new set of services to help business customers in the U.S. and Canada manage their end-of-life technology equipment by providing computer take-back, data destruction, refurbishment and recycling. Lenovo also offers additional services including inventory, value assessment, on-site deinstallation and data encryption. Lenovo can facilitate donation of the old computers or can help customers receive cash back for them.

Servigistics and Entercoms Announce Agreement to Deliver Strategic Service Management Solutions in Southeast Asia

Servigistics, the leading strategic service management solution provider, has signed a partnership with Entercoms as a value-added reseller for the Southeast Asia market. In addition to selling Servigistics solutions, services, and support, the agreement will enable Entercoms to serve as a Business Process Outsourcing partner. The move has been made in response to the growing demand among global organizations to extend business into the India market.

Skeletons in the Closet—Profit from Effective Reverse Logistics



by Wayne Burgess, Craig Stevens

In North America, few organizations have the time, resources or desire to focus on building an effective reverse logistics operation. In most cases, the only area of focus is on selling returned, damaged and obsolete inventory off at pennies on the dollar. The current liquidation market is made up of opportunistic organizations that more often than not cherry pick only the best products to maximize their margins. These organizations have little to no interest in protecting their clients brand or market and only want the best product in turn leaving the client to deal with the rest. When adding all the costs and recoveries associated with reverse logistics, most organizations lose considerable amounts of money which contributes to reduced profit margins. Applying some very simple practices can change that virtually overnight and actually enhance a company's profit margins.

Current Market State

General Capabilities in Canada

In general, reverse logistics capabilities within organizations along with third party providers are extremely ineffective and inefficient when compared to the US. Canadian companies have historically focused on three areas in order of perceived importance.

1. Gross Recovery: Traditionally organizations have focused most of their energy on trying to maximize gross recovery at the unit level which has encouraged practices such as cherry picking--the consequence being carcasses of product filling up warehouses and storage trailers. The over emphasis and focus on gross

recovery effectively neglects to account for the other costs associated with the products such as handling and storage. These costs can be significant enough to drive a positive recovery to negative (as highlighted in chart 1.0)

2. Test & Refurbishment:

Predominately in the electronics industry and more recently moving into appliances many organizations are building their internal or leveraging outsourcing test and refurbishment capabilities. These refurbished products are being remarketed and sold to their A & B channel trade partners. Refurbishment has the potential to drive up gross recoveries considerably but true net recovery must take into consideration the costs associated with refurbishment as well as the storage and handling aspects.

3. Clearance Centres: These centres are meant to leverage existing investment into underutilized space within the retail and manufacturing industries. There are typically significant one-time setup costs including staff, systems and processes to operationalize these centres. Many organizations in Canada are now discovering that the cost of managing these centres

Current Canadian Recovery Benchmarks			
Gross Disposition Recoveries	Current Market ¹	Cost Factor ²	Net Recovery
Consumer Electronics	21%	(16%)	5%
Major Appliances	23%	(22%)	1%
Portable Appliances	18%	(17%)	1%
Furniture	12%	(22%)	(10%)
Mattresses	12%	(27%)	(15%)
Clothing	10%	(14%)	(4%)
Other Soft Goods	8%	(12%)	(4%)

Notes 1. Calculated as a percent of wholesale costs
2. Space, labour, demurge, storage cost, customer care, systems & overheads

Business Days from RMA to Disposition			
Category	Good	Average	Poor
Large Ticket > \$500 Wholesale	20	40	60+
Small Ticket < \$500 Wholesale	30	60	90+

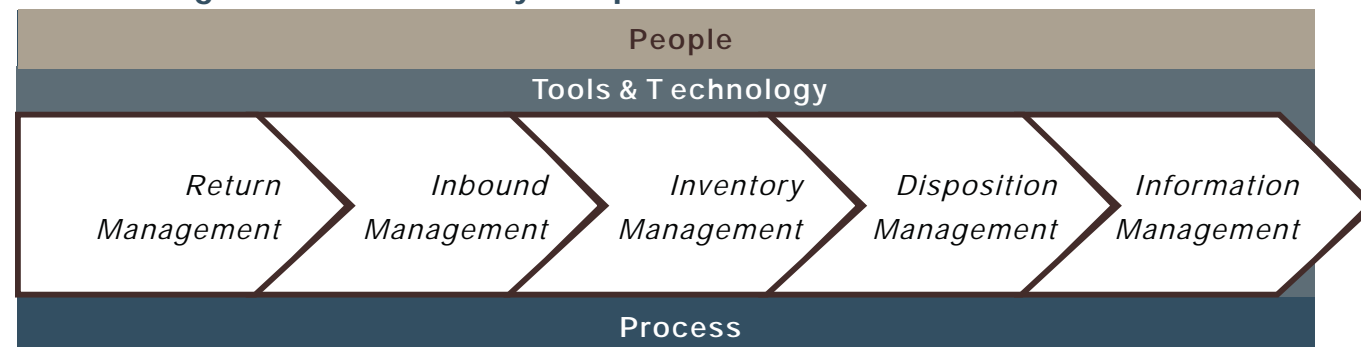
outstrips any recovery they are making. Those organizations that continue to invest in clearance centres often make the assumption that they need to control this channel to ensure their primary business and brands are not negatively impacted.

Overall Canadian industry has a piecemeal approach to reverse logistics—many components functioning, but rarely is it effectively and efficiently managed as an end-to-end continuous process. A clear understanding of all the major processes and how they work together is critical to an effective reverse logistics strategy.

Current Capability Leaders in Canada

Market leaders, particularly within Retail and Manufacturing, have concluded that spending time on returned product (i.e. B channel), which can be upwards of 5% of their core business, effectively distracts the organization from their critical new business (i.e. A line). Those that have recognized this have either created standalone organizations or outsourced capabilities to a third party. Whether internal or external, these reverse logistics centric units are tasked with moving B channel product quickly, eliminating costs and maximizing recovery on the asset, all while managing brand

Reverse Logistics Process—Key Components



and industry integrity. All of this coupled with strong reporting and information management.

What are the Options?

In Canada, the external or internal options along with the depths of these options have been limited. Recently there has been more focus on building and delivering true professional reverse logistics options.

In-sourced Solutions: This solution is often the result of an event that has caused senior executives to focus on its returned products, such as an external audit or warehouse capacity issues. This solution typically involves building a separate reverse logistics team or assigning this workload to current staff. In many cases it involves a blend. The team often resides in cross functional areas (Sales & Marketing, Merchandising, Finance & Supply Chain). The primary advantage of this solution is retaining control. This control is typically driven from the sales teams

This can be a risky proposition for most organizations given the limited maturity and number of the reverse logistic service providers in the market that can provide an end-to-end solution.

information and continued pressure on the forward supply chain. However the biggest disadvantage over time is the failure of internal resources to focus and along with lack of funds to support a sustainable reverse logistics process. Resources

capabilities, draining scarce resources from the forward moving aspects of their business

Outsourced solutions: This can be a risky proposition for most organizations given the limited maturity and number of the reverse logistic service providers in the market that can provide an end-to-end solution. Traditional 3PLs say they have the capabilities to do end-to-end reverse logistics but their business and pricing model is about holding, moving and storing forward moving products. There is little incentive for the 3PLs to invest in classifying, refurbishing, lotting and selling processes. Some 3PLs have begun to develop components of the model (i.e. marketplaces) but there is little or no end-to-end integration of the components. There are other providers that help with improving information management, conducting consulting assessments and developing improvement plans; however, there is a very limited number of providers in the marketplace today who can deliver true end-to-end reverse logistics services.

Hybrid Solution: For those organizations that want to maintain “control,” they choose this route which allows them to retain the areas (i.e. branding or market) they want

to manage and outsource the tactical components of the process (i.e. handling, classifying, refurbishment, data and information management). The companies wishing to retain control of the market and brand often maintain ownership of the sale.

are often distracted onto “A line” projects and competing priorities for internal resources often leave B channel initiatives underfunded. Despite the disadvantages, many organizations cannot overcome the “perceived” loss of control hurdle and therefore continue to half heartily invest into reverse logistics ca-

Options	Operational efficiencies	Financial Benefits	Corporate Governance & Citizenship
In-sourced Solution			
Hybrid			
Outsourced Solution			

Legend

who are not willing to let external third parties take control of their product, brand or market regardless of how little returned product there is. The disadvantages of this option are extensive, including but not limited to slow pace of disposal, limited recovery, increased costs, limited

What is the right choice?

Each organization must make its own decision around the reverse logistics solution in which it wants to invest. However, the factors remain the same:

- 1. Financial** – total net financial benefit to the organization ensuring accounting for all inflows and outflows of cash..
- 2. Operational** – limiting the impact on forward moving logistics and potential customer care requirements.
- 3. Client** – limiting the potential for negative impact on the end client/consumer.
- 4. Brand & Market Impact** – ensuring the companies brand and market are not negatively impacted.

Taking the first step

Understanding is the first step all organizations need to begin the journey of improving reverse logistics capabilities. Does your organization have answers to the following critical questions?

1. What are your total reverse logistics costs per annum including all costs associated with returned and obsolete product (freight, space, capital costs, internal labour, external labour, repair and refurbishment, customer support and care)?
2. What are your total returns costs? in dollars and units/annum?
3. Where is the source of returns by category and geography?
4. Who is the source of the majority of the returns?
5. Why is the product being returned?

Often internal resources will not have the time to effectively pull together this information. Leveraging a subject matter expert can provide an objective review and overview of your organizations reverse logistics opportunities. Utilizing a third party can often jump start the process to achieve a long-term sustainable reverse logistics solution.



Wayne Burgess: Prior to co-founding ReturnTrax, Wayne was a tireless champion for clients with Accenture's Supply Chain practice with

specific experience across the entire source to pay process. Wayne has deep consulting & operational delivery experience. He is a talented leader of organizations and has a proven track record of driving significant customer value in several key areas including:

Supply channel & operations design and delivery; Process re-engineering & design; Organizational assessment & design; Category Management; Asset Disposition; Strategic Sourcing



Craig Stevens: Prior to co-founding ReturnTrax, Craig was a seasoned supply chain consultant with extensive experience at Ernst & Young

and West Monroe Partners as well as many years of direct CPG and Retail industry experience with companies like Hudson's Bay Company (HBC) General Mills, Maple Leaf Foods. Craig has a specific focus on integration activities, ERP systems, organizational, process and system design across: Logistics, Merchandising, Distribution, Inventory Management, Warehouse and Transportation.

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Now before we get too far, let me say that by no means am I trying to convey that Chiropractic can cure everything, but the limit on how healthy a person can be is often not discovered. So the time is now to discover just how healthy you can be, discover your potential. And just like the time or revenue we mentioned earlier, after a certain point there is the limitation of matter and more invasive measures will have to be pursued if they are even an option. My urge would be to get checked as soon as possible. If I told you, you are losing money from inefficiency in your reverse supply chain you would say "How do I fix it?" and your actions would be swift and precise. So now when I tell you your quality of life or health may be adversely affected by

(very common example) poor posture. I would assume your answer would be an echo of the first. You know the importance of a reverse logistics operation on your business team, and now you should begin to have an idea of how important it is to keep your watchful eye on your "personal asset" just as much- if not more than on your business assets. Remember, the only thing you cannot recycle is wasted time, the goal of Chiropractic is to add years to life AND life to years.

Everyone should have a personal health team that is comprised of the following:

- A Dentist for teeth
- An Optometrist for eyes
- A Podiatrist for feet

- A Medical doctor for sickness
- A Chiropractor for health
- and the Reverse Logistics Association for best business practices.



Scott S. Hardman is a Chiropractor practicing in Auburn California and is the President of Hardman Chiropractic Corporation. Dr. Hardman is a graduate of Life Chiropractic College West in Hayward California. He specializes in structural rehabilitation of the spine as the primary focus of his practice. For more information please visit www.drscotthardman.com

On the Move in Reverse Logistics

Elbit Systems of America, a leading provider of high performance products and system solutions focusing on the defense, homeland security, commercial aviation and medical instrumentation markets, recently announced that **L. Bryant Underwood** has joined the company as Director, Supply Chain. Bryant's responsibilities and that of his team include Procurement, Contract Management, Vendor Management and Job Pricing. Bryant was previously Director, North Americas Service at Foxconn Technology Group. Past positions include GM, Director and VP level assignments in support of Operations, CRM, Materials and IT.

Brightstar Corp., a global leader in customized distribution and integrated supply chain solutions for the wireless industry, recently announced the appointment of **Harry Lagad** as president, integrated supply chain solutions.

With a career spanning over 30 years, Lagad's experience ranges across five continents and several industries covering a blend of general management, business development, manufacturing and supply chain. He has worked in leadership roles with Pacific Dunlop, Kodak, Tech Pacific (Ingram Micro), TNT, and most recently with Nokia, the world leader in mobility.

As logistics director for Nokia, Lagad was responsible for the total development of the front end logistics of Nokia's business in the open distribution markets globally, as well as heading up the logistics responsibility for India, the second largest wireless market in the world. His previous assignment with Nokia was logistics management for the entire APAC markets. He has lectured extensively around the world on subjects including business management, leadership and supply chain operations.

Karen van Driel joins **Repair Group Limited's** management team in the position of Team Manager, responsible for the Consumer team. This is a newly created role arising from the expanding technical team at RGL. Karen was previously a senior member of RGL's Materials team.

Jeff Devine joins **Palm** as SVP Global Operations. Jeff comes from Nokia where he spent 13 years in a wide range of roles with ever increasing levels of responsibility. Jeff's last role at Nokia was as Vice President, Global Customer Logistics. Previous to that Jeff spent 4 years heading operations and logistics for the Americas at Nokia which included the entire supply chain and customer care. Before that Jeff led the AT&T account team for three years. AT&T was one of Nokia's top 3 global accounts during Jeff's tenure at the helm. Prior to Nokia, Jeff was at Boeing and also Texas Instruments.



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No doubt you are aware of my love of all things wireless. In fact I am clearly biased in the positions I hold regarding this technology. The reason for this adoration is the massive impact the technology has had on virtually all of society. Most of us can scarcely recall the good old days when you saw an accident you actually stopped, tried to help and then drive to a phone and call police. What about the efforts we make scheduling the mini-van with our children. Many families are so busy; I do not see how their lifestyle of 'always on the move' is sustainable without almost continuous wireless communication. Then I also have a love of all things technical... This combination very nearly makes my head explode every time I hear one of the continual stories on the 'R' Word—RADIATION.

There is probably no single word that has so much power to drive health concerns as the word 'Radiation.' But what is really meant by this word? There are two broad forms of radiation emission, ionizing and non-ionizing. In simple terms when most people think of radiation

and its ubiquitous symbol, what they have in mind is ionizing radiation.

Ionizing Radiation is radiation that is energetic enough to dislodge at least one electron in an atom. The reason this causes so much concern and fear is that if the energy can dislodge an electron it can also damage DNA. For most of us we really need to keep our DNA intact. The leading exception is Olympic athletes—damage to their DNA, just makes them more like you and me...

However, whenever the word radiation is used in the context of cell phone technology it ALWAYS refers to non-ionizing radiation. Non-ionizing radiation is an emission that is not energetic enough to dislodge electrons and the absorbed energy converts to heat.

This conversion of radiated energy into heat is common in physics and happens all the time. Next time you are at a stop light and the car next to you is playing a song called, "vibrate the heck out of my dashboard..." consider where that energy goes. It mostly turns to heat. That energy heats the air, it heats the glass and some of it even heats my eyeballs dancing in my head. This heat conversion also happens sometimes with ionizing radiation. When you

wear sunblock, what you are doing is, reducing exposure to ionizing radiation from a thermonuclear reactor called the Sun. The way sunblock accomplishes this is by absorbing solar energy and converting it to heat. There is a specification of how non-ionizing energy from cell phones is measured and controlled; it is typically referred to as SAR (specific absorption rate). Even though the

rules on the limits of exposure and technical specifications vary greatly by country, we tend to use the general 'SAR' banner whenever referring to this issue.

I do not want to get too technical here, but now that you have some general background let me share with you some elements that trouble me about this never-ending story.

First, there is so much conflicting "evidence." The stories seem to be released in clusters. Typically these seem to be published on slow news days. One will indict all of wireless as being vastly dangerous, the next will find no link at all but both will demand more long-term studies. My opinion is that 'long-term study' is really an academic term that means, "Keeping my job."

There is probably no single word that has so much power to drive health concerns as the word...

RADIATION

I surfed many of the leading sites that advise the public about this issue. What I see is an amazing amount of very scary looking data that refers to old analog phones.

Second, consider the study process that yielded the results. Often these studies just asked people what their cell phone usage habits were. Even when the studies use phone records, correlating these records to all the variables is almost impossible. It is hard to overstate the difficulty in gaining meaningful information from studies that were conducted in this manner. The risk for exposure needs to happen over a considerable amount of time but over that same time, there are so many variables.

- What side of your head do you hold the phone?
- How many phones have you used?
- Manufacturer and brand?
- What technology were they?
- Where they used in areas well-service with cell sites?
- Are you a data user or heavy 'texter'?
- Blah, blah...

How can the recollections be accurate and in enough detail to be of value? In short, what meaning could be learned to point to a cause? At best what is found is some kind of general linkage that of course, needs further long-term study.

Third, so much of what is out there as information points to very old technology. I surfed many of the leading sites that advise the public about this issue. What I see is an amazing amount of very scary looking data that refers to old analog phones. The affinity to bash wireless by referring to old technology is an important trait that I believe reveals

the real objectives behind much of the information. The original AMPS standard required the phone to be transmitting at a power level that had a continuously strong carrier that was modulated. There were power level controls, but the immaturity of the technology meant that for a lot of the time the phones ran at the higher power levels. Compare that to digital technology that uses spread spectrum and timing slots to disperse the power. These technologies reduce the energy emitted by hundreds of percent. In fact, the math behind the digital technologies uses some cool features like processing-

The immaturity of the technology meant that for a lot of the time the phones ran at the higher power levels.

gain and continuous power control. Processing-gain allows recovery of signals that are below what would be considered the analog noise-floor to be recovered. Continuous power control means that the phone operates in a closed loop where power is always being measured and controlled to keep the phone at the LOWEST power output possible. All of these technology benefits work together to produce the lowest SAR levels possible. The manufacturers strive to do this, not just as a focus on safety but this is one of the reasons why talk time on most Cellphones is 4-8 hours, compared to an AMPS handheld that may only have been 40 minutes while using a giant battery.

As you can guess there are other issues I could point out, but these are the main 'contrarian' points to consider. Fear the scare-mongers, not the facts.



L. Bryant Underwood is Director, Supply Chain for Elbit Systems of America, a leading provider of high performance products and system solutions

focusing on the defense, homeland security, commercial aviation and medical instrumentation markets.

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

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

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

4th Green Transportation & Logistics Summit
San Francisco, CA
 October 15-17, 2008
events.eyefortransport.com/Green

CEA Industry Forum
Las Vegas, NV
 October 19-22, 2008
www.ce.org/events

RL Seminar
Boston, MA
 November 5, 2008
www.rltshows.com/bos08_event.php

Lean Warehousing Essentials
Nashville, TN
 November 13-14, 2008
www.logisticsmgmt.com/event/2140233647.html

International Logistics Conference 2008
Mexico City
 November 19-20, 2008
www.CongresoLogistica.com.mx

RL Seminar
Salt Lake City, UT
 December 11, 2008
www.rltshows.com/prk08_event.php

RL Job Center

If you are a job seeker or a hiring manager looking to staff positions with a Reverse Logistics focus, the Reverse Logistics Association Job Center is the place for you. Posting positions on the site is a member* benefit. Let us help you find the staff you seek – posting is quick and easy. Position posting is generally approved and posted within 24 business hours. Check out the positions currently posted at the RLA Job Center. For more information, contact RLA at info@RLTinc.com.

*Job posting is a benefit of Professional Members and above.

REVERSE LOGISTICS
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Returning thoughts

Breaking Old Reverse Logistics Habits: Identify Opportunities to Create Pennies and Gold



Reverse Logistics habits are hard to break. Shifting your team away from the status quo is not an easy task. Convincing your corporate senior management to allocate resources to your team to accomplish change is an even more difficult task.

An excellent way to break old bad habits is to identify your highest profit change opportunities. Some opportunities generate penny savings, but you want to find the improvements that also generate the gold. Some of the best places to look for high profit opportunities can be found in the return financial values that are based upon the unit cost or unit selling price.

Understand the Profit Impact of Reverse Logistics Changes

While many organizations have identified endless opportunities to improve their Reverse Logistics, few understand the enormous profits and savings that can be generated or how to prioritize the opportunities available to them. Assessing your opportunities by their impact on profits is a great way to start and a better way to sell your plan to your CEO. Even some small "penny" changes

can have enormous profit impact and project Return on Investment (ROI).

Look for the Pennies and the Gold

Not all profit improvement opportunities result in equal savings. Some opportunities generate pennies, others generate gold. Three key areas of opportunity are:

- 1. Reduce Processing Costs:** such as labor savings from process automation
- 2. Increase Recapture Cost:** such as generate higher resale by reducing cycle time
- 3. Reduce Returns:** such as lowering retail returns from product improvements

Increasing recapture cost and reducing returns have a much higher profit impact than a processing change because these two values are based upon the selling price of a unit. A processing cost on the other hand is typically a much, much lower value. One is pennies, the other is gold. Look for the golden opportunities, but do not forget, however, that many of these penny saving changes are needed to drive the ability to generate the golden opportunities.

To compare these three key areas for improvement, use the following scenarios: Labor savings of, say 10 minutes/unit with a \$15/hr labor rate; increase recapture by, say 10% of \$250 retail; avoid returns by, say 10% resulting in no need to issue credits (not including processing cost savings).

Even on a single unit basis, the savings can be significantly different. However, when a saving that is based upon the cost or selling price of one unit, the monthly impact can be very substantial especially when multiplied by the high volumes processed by a manufacturer. For instance further building on the example above using 10,000 returned units per month:

As you can see, not all changes yield the same results. You will need to run your own scenarios and use them to help assess your priorities and build a business case showing a clear ROI. Remember to pay very close attention to the high values you can generate from your numbers that are based on your unit cost or unit selling price, so you can generate pennies and gold.

Good Luck!

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