



REVERSE LOGISTICS magazine®



(Left to Right)

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Supply Chain Management

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Mudit Agarwal – Solution Architect,
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Edition 22

Cisco: Optimizing the Reverse Supply Chain to Enhance the Customer Experience - page 14



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Optimizing the Reverse Supply Chain to Enhance the Customer Experience Adds millions of dollars to Cisco's bottom-line

by Bob Anderson & Mudit Agarwal

Three years ago, Cisco implemented foundational changes in the Reverse Supply Chain space to develop and build an end-to-end solution that would enhance both the customer experience and unlock the value from product returns. The focus would include changes in Asset Recovery, Receiving and Disposition, Recycling, and Order Management processes. A major challenge for the team was to create flexible and scalable solutions to address customer satisfaction.

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"Boothmanship" Post Show Follow Up: The Final Piece to Positive ROI

by Arte Maren

Profitable trade show returns begin with proper planning and that must include the all too occurring error of insufficient attention and action on post-show activities. In fact, the Center for Exhibition Industry Research reports that up to 80% of the leads gathered at a show are not followed up.



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Police Use New Tools to Build Case Against "The Richmond Girls"

by Detective Sean Smith

In the past few years, criminals at all levels – from simple shoplifters to those involved in organized retail crimes – have been taking advantage of the latest technologies as they go about their business.



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Bad Economy May Not Be So Bad for Third Party Service Providers

by Micheal Blumberg

Most people want to know how the current economic state of affairs will affect the business they are in and their personal fortunes. The Reverse Logistics & Aftermarket Service Industry is not immune to this situation.



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Avoiding the Pitfalls of International Returns

by Tom Stanton, AFMS

This is the third in a series of articles on international returns. In the first article, the topic discussed was the problem of not preparing for potential returns of previously exported merchandise. And the second article focused on country of origin and classification. This installment is a short summary of the information provided in the first two articles.



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RL Magazine will publish 12 issues in 2010 — 6 printed editions and now with 6 new digital editions!

Feature Article



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Directing Reverse Logistics – A Corporate Paradigm Shift

by Kurt Walker Reverse Logistics Association

The problem is that companies simply refuse to execute on the fact that better RL management can be as important, or possibly (depending on case) more important to the profits of a venture as is solid design, marketing or flawless to-market execution. One major flaw in the RL model is that there are so many competing voices within the RL space.

Survey



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This survey, consists of two questionnaires; one from the customer perspective (OEM/retail) and one from the 3PSP perspective. The questions are similar for comparative reasons. The results enable us to provide state-of-the art information on returns volumes, returns causes and processes and RL services. By taking this survey you make a significant contribution to the body of knowledge.

Features

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Message from the Publisher

The foundering economy around the world has everyone wondering what will happen next. In the past the only time I heard about Greece was someone's vacation plans, now everyone talks about Greece as a financial burden, who would have thought? I was in Brazil last month and I found the economy there was growing at an unbelievable rate!

Is the economy getting better or worse? Depending on whom you ask, existing government administrations say better, opposition parties say worse! But no matter what is happening, now is the time to cash in on the demand for Reverse Logistics vendor services & solutions.

Back in 2008 I stated, "Now is the time for companies to be ramping up marketing efforts to increase visibility and gain attention of manufacturers and retailers. I constantly hear that many manufacturers and retailers want to outsource programs." So don't slow down, it is time to accelerate your marketing efforts and finally outsource that program this is costing you way too much.

That is what we are doing here at RLA, we are increasing our support services in order to be meet the increase demand from our members. I want to announce 2 new support solutions;

Kurt Walker, Director of Special Events is developing **educational networking events** in the form of seminars & workshops, while at the same time managing our international speaker's bureau.

Kelli Ray, Manager of Marketing & Advertising for **Reverse Logistics Magazine**, is developing a series of marketing solutions for companies to gain exposure on a global basis, while promoting products and services.

Gailen Vick
RLA President
ReverseLogisticsAssociation.org



OUR MISSION

Our mission is to educate and inform Reverse Logistics professionals around the world. RLA focuses on the reverse logistics processes across all industries. No matter the industry — High Tech, Consumer Electronics, Automotive, Medical/Pharmaceutical, Food and Beverage, Apparel, or other — 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 and to

be a catalyst for innovation in developing and implementing new RL processes. We have been and will continue to provide our services to the industry at a moderate price.

Managing the latest information in services such as 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 through our membership services. We serve manufacturers and retailers in a variety of settings while offering ongoing updates on market trends, research, mergers and acquisitions and potential outsourcing opportunities to 3PSPs. We have gained the attention of 3PLs like FedEx, DHL, USPS and UPS. 3PSPs like Teleplan, Foxconn, Flextronics, Canon, Sony and Jabil, along with small- and medium-sized service providers have found that RLA resources help

advertise their services to a regional and global audience. OEMs like Microsoft, HP, RIM, and Sony, along with Retailers like Wal-Mart, Canadian Tire, Tesco and Best Buy all participate at our events. Through RLA Events, RLA Connect services and our publications — RL Magazine and the Weekly News Clippings email — we help OEMs, ODMs, Branded and Retail companies find service partners and solutions providers that were previously unknown to them.

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:



Dan Gilbert – Cisco Systems

Dan Gilbert is VP of Worldwide RL 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.



Christopher Gant – FedEx

Chris Gant is Director for FedEx Supply Chain Sales. He is responsible for all business development strategy and execution for both the FedEx SupplyChain Systems and FedEx Emerging Products Sales teams.

A 20-year veteran of transportation, logistics and electronic commerce, Chris has extensive expertise in the development and delivery of complex supply chain solutions for some of the world's largest corporations inclusive of both Forward and Reverse Logistics. He began his career with FedEx Ground (formerly RPS) in 1989 as an operations coordinator before joining the company's sales team in 1991. He quickly rose through the sales leadership ranks, holding the posts of area sales manager, district sales manager and senior national account manager for FedEx Ground.



Edwin Heslinga – Microsoft

Edwin is currently the Director of Global Services of Microsoft Devices – Zune and Xbox. In his position, Edwin is responsible for development and enforcement of policies surrounding returns, all related costs to the returns and is also involved in the Customer Satisfaction Continuous Improvement Council. Working with Microsoft Call Center and the Microsoft Manufacturing Operations, Edwin is driving the improvement of consumer satisfaction through agent assisted support and on-line support while managing the costs.



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 14 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 Operating Officer in October 2003.



Dr. Dale Rogers – Univ. of Nevada, Reno

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.



Bernie Schaeffer – Motorola

Bernie Schaeffer is corporate VP of Global Repair for Motorola's Integrated Supply Chain, which encompasses the global operations associated with procurement, new product introduction, manufacturing, customer fulfillment and repair. He is responsible for repair and reverse logistics operations across all Motorola businesses worldwide. His team provides both in- and out-of-warranty repairs, is the fulfillment engine for maintenance agreements and other value-added services, manages asset recovery on equipment returns and is the source of information on product field reliability.



Doug Schmitt – Dell

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

Services. Previously, Doug held executive and senior management positions in service and finance at Dell, Inc.

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



Tony Sciarrotta – Philips Consumer Electronics

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



Susan Wackerman – Hewlett-Packard Company

Susan Wackerman is currently a Sr. Operations Manager in the Americas Supply Chain for HP's Imaging and Printing Group. In her position, Susan is responsible for the Recycling Operations for HP Americas and the Returns Operations / Remarketing for HP Americas Imaging and Printing Group. This includes supply chain development, reverse logistics, disposition and processing, refurbishment, resale, channel management. For Recycling Operations her product responsibilities cover all HP product categories including inkjet and laser printing, digital imaging, supplies, scanners, shared printing, PCs, notebooks, desktops, servers.

Complete biographies of Advisory Board Members are available from the RLA site at:

www.ReverseLogisticsAssociation.org/company_advisory.php



Reverse Logistics Association

Industry Committees



Focus Sub-Committees are 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

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“Boothmanship” Post Show Follow Up: The Final Piece to Positive ROI

by Arte Maren

Profitable trade show returns begin with proper planning and that must include the all too common error of insufficient attention and action on post-show activities. In fact, the Center for Exhibition Industry Research reports that up to 80% of the leads gathered at a show are not followed up. Amazing. And the reason usually traces to a failure to plan well. (You have heard the adage, if you fail to plan, you plan to fail. So true.

While it may be convenient to put the responsibility for exhibitor success onto the show, there are often major procedures omitted by the exhibitor and opportunities missed. There are hard won rules, guidelines that must be followed in order to ensure

a successful show, regardless of all other factors. As you are already at the show reading this article, I will address the post-show key factors which all revolve around a system, without which, there is scant time to follow up properly considering there was generally already a backlog of activity even before you left for the show.

“Better Boothmanship” requires that attention is paid to the “rhythm” of the entire trade show process, or what I refer to as “the trade show intensity curve” There is quite a bit of excitement and energy prior to the show; the preparation, design, literature to create, prospects to invite to the booth, etc. And then there is

the manning of the booth itself, the meet and greet, the presentations, the connections, the socializing with those in the industry. And the intensity keeps rising until the show is over at which point the intensity begins to fall off, when in fact, the intensity should continue on and through the connecting to all leads, the follow ups and the sales!

- There should be a system set up prior to the show so that leads are sent back to the office and information prospects need ideally sent to prospects even before you return.
- You must have a purchased mailing list of all likely attendees



and indeed all potential customers regardless if at the show or not so that a follow up mailing/newsletter can be sent, indicating that you missed them at the show but.....

- Following standard “Boothmanship” procedure, the leads obtained at the show would have reminder notes either on the back of the business card or a notebook wherein the data is stored with full info on the nature of the conversation with

the prospect as memories often fade. The business card would be stapled onto the page of the book and all pertinent data written below the card. **AND THE BOOK IS ENTRUSTED TO ONE PERSON AND NEVER OUT OF SIGHT.**

- Some companies have employed the procedure of having an assistant or even an outside call center make the follow up contact call directly after returning home. This prospecting type

call would then determine the level of continued interest and if there a call is warranted from the sales person, it is turned over to the sales rep thus ensuring rapid response. Note: The prospect has met with many others who may be providing the same products or service. The name of the game is “firstest with the mostest”.

- All leads are followed up, at minimum by email. None are ignored. A visitor to the booth may have seemed disinterested but perhaps that was simply the start of negotiation. A decision to wait could change in a moment based on some environmental of business factor. Any salesperson knows the liability of making any kind of assumption or attempting to pre-judge. All booth attendees should get a follow up email within 48 hours with a thank you, re-statement of the offer and any other personalized comment you may wish to make.

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which would include the number of visitors to the exhibit, the number of “hot prospects”, the number of full presentations and, of course, actual sales made and orders taken. A review would be done of the booth appearance and presentation, a review of photos you may have taken of competition (always a good idea), competition analysis in general etc.

- The executive review would entail all of the above but would include a personnel evaluation in terms of the general productivity of those representing the company. Their individual reports of the event would be a factor in evaluating the show itself and their performance.
- All financial factors are added up and a summary made for future reference and planning for the next show.
- A detailed checklist (love those checklists) can and should be created so that no important aspect is missed.

There are several KEY factors to a successful and profitable show. Leave out any one, and the results are less than expected. Pre-show planning; personnel training; logistics for the show; at show procedures and post show activities, well executed are what “Better Boothmanship” and improved show profitability are all about.

RLM



Arte Maren is an expert in maximizing trade show efforts and was a recent presenter at the RLA Las Vegas trade show. He conducts training in trade show planning and execution as well as customer service, sales and company organization. He can be reached at 727 643 4638 or arte@artemaren.com.

- the priority the category.
- The leads are recorded in a database which then can be reviewed a month later, 6 months and even years. If an attendee you met became an account even a year later, the credit would still go to that show and therefore would reflect well on the ROI for that show. Without such tracking, this data is lost.
- A “debrief” is done by any and all employees or execs connected to the show providing key data on what worked well and should be written procedure for the future, what did not work well and is in need of improvement and a review of statistics overall

- Do not get caught in the “excuse trap”; “well everyone is just returning so I will wait” or “I am really backlogged, I will get to it next week” or “they have plenty to read from the literature I gave them, if they are interested they will call me”. These incorrect assumptions are very costly and negate all the hard work that was done to create the leads.
- The leads, broken down into A, B or C or 1, 2, 3, in terms of potential and the priority leads distributed. There is also the system of breaking down the leads into categories, such as those who need an info pack, those who should be called, etc. and making

7th Annual

RLA Conference & Expo Singapore

Concorde Hotel, Singapore • September 27-29, 2010

Asia's premiere Reverse Logistics Event will bring three full days of Reverse Logistics. Starting on Monday, September 27, with RLA Workshops and continuing on Tuesday and Wednesday with sessions and exhibition.

A wide range of leading regional and global Reverse Logistics companies are in attendance from repair/refurbishing to recycling/e-waste and transportation logistics.

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



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

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



Optimizing the Reverse Supply Chain to Enhance the Customer Experience **Adds millions of dollars to Cisco's bottom-line**

by Bob Anderson & Mudit Agarwal

Establishing good relationships with our customers depends on quality interactions, involving unique and easy to use systems and processes. The reverse logistics cycle is a key touch point for customers - a foundation process that provides opportunities to influence and improve customer loyalty. Providing the winning customer experience is more challenging when the customer can't return the product and get their money back right away. When a Return Material Authorization (RMA) needs to be created and approved, it can take a longer time for the customer to receive their money back.

Cisco has a complex forward supply chain—a widerange of products, most of which are customized to meet customers' specifications, and a large number of acquisitions that use different systems and processes.

This complexity is also seen in the Reverse Supply Chain and needs to be considered when building the Reverse Supply Chain. Three years ago, Cisco implemented foundational changes in the Reverse Supply Chain space to develop and build an end-to-end solution that would enhance both the customer experience and unlock the value from product returns. The focus would include changes in *Asset Recovery, Receiving and Disposition, Recycling, and Order Management processes*. A major challenge for the team was to create flexible and scalable solutions to address *customer satisfaction*. Cisco partnered with a new supplier to meet the following objectives.

- Providing end-to-end data integration and visibility
- Improve recovery rate of material after RMA booking

- Create global footprint for reverse supply chain
- Provide better operational ownership and accountability
- Consolidate recycling vendors to provide cost effective recycling
- Reduce brand protection and grey market risks
- Maximize reuse opportunities, both internal and external
- Optimize asset recovery and reduce potential leakage
- Improve process efficiency and problem resolution (80% of time spent on 20% of the volume)

As part of the initiative to build end-to-end reverse supply chain, Cisco partnered with a new supplier. Selecting the right supplier makes a huge difference when building a distributed solution. At Cisco, an extensive RFI/RFP/RFQ and bidding process of prospective suppliers was conducted.

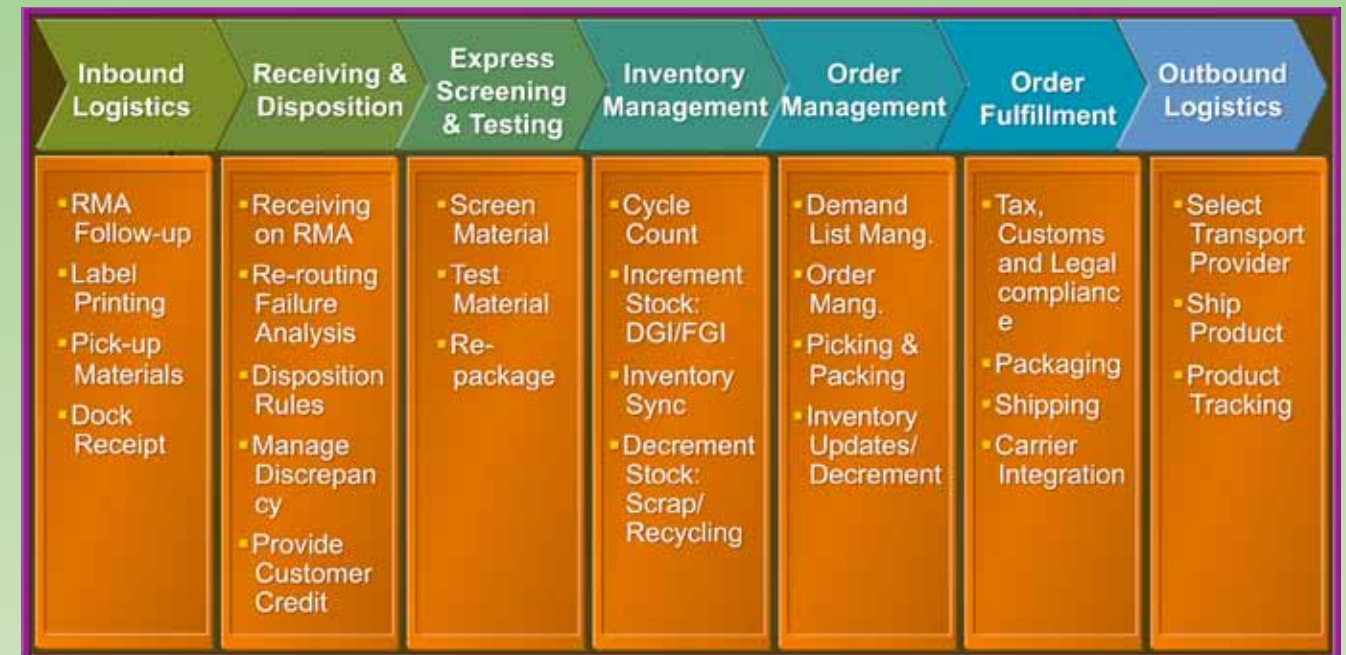


FIGURE 1 - PROCESS FAMILIES (REVERSE SUPPLY CHAIN)

The major selection decision points were:

- Global footprint – ability to scale globally
- Process Capability – ability to scale to changing business needs and maintain high levels of process efficiency
- System Integration Capability / Flexibility – ability to integrate multiple technologies utilizing flexible architectures, scalable to meet future business requirements
- Cost – ability to provide a cost effective solution, regardless of volumes

IMPLEMENTATION HIGHLIGHTS

Delivery on the Reverse Logistics Transformation charter is a long-term, multi-phase initiative. The initial phase laid the foundation for the end-to-end vision and delivered a globally consistent, scalable and reliable process with connected system(s) for Inbound Logistics, Receiving/Disposition, Inventory Management and Value Recovery of returned products. The benefits of the initial phase included enhanced customer experience with real-time supplier integration, streamlined end-to-end processes for increased efficiency, and the ability to support aggressive time to market strategies

by leveraging the existing business to business (B2B) interfaces, resulting in reduced Total Cost of Ownership by as much as 30%.

Cisco's reverse supply chain manages weekly product returns averaging less than 1% of the weekly ship volume. This averages 30,000 product returns per week, excluding products from

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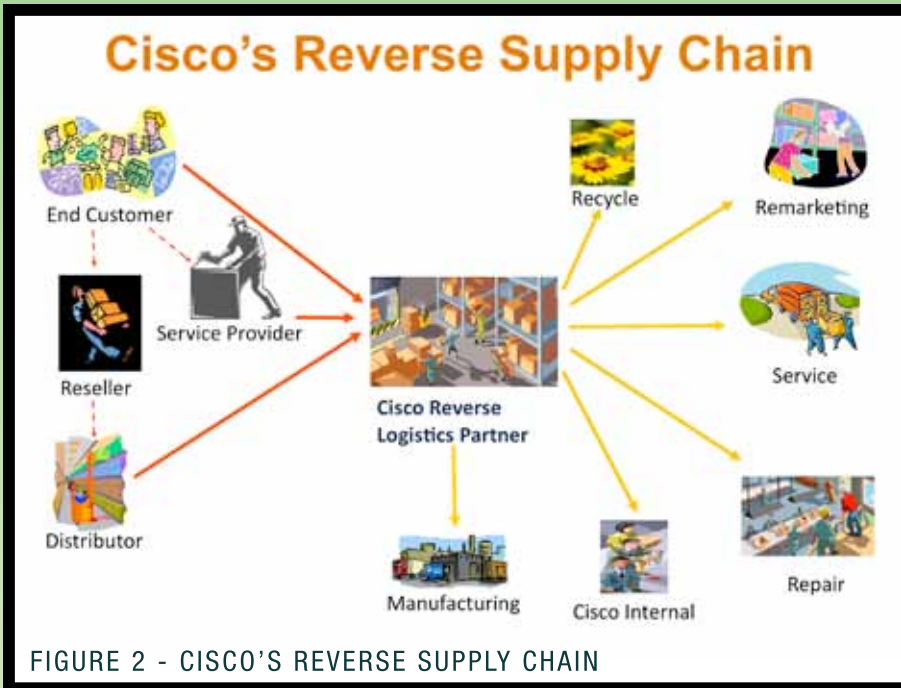
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RECEIVING & DISPOSITION: The primary objective with this process is to preserve as much of the product's functional value as possible instead of driving product to its lowest use scrap. Process analysis steps included identifying the best scenarios for extending product life and then implementing the systems that will enable the collection, sorting, and channeling of products for best and highest use. There are numerous combinations of these properties taken into consideration before the final disposition sub-inventory is decided.

I N V E N T O R Y M A N A G E M E N T: Manage inventory of Damaged Goods (DGI)/ Finished Goods (FGI) and management of the Purge/Scrap process. Interactions with partners are built on industry standard B2B messaging to facilitate receiving, disposition, inventory and order management. By design and process improvement the messaging issues are minimized so the Cisco Enterprise Resource Planning (ERP) and partner Warehouse Management System (WMS) are in sync all the times. To ensure further process integrity, an offline interfaces were built to compare inventory in both systems and keep it in sync to minimize issues in the follow-on processes.

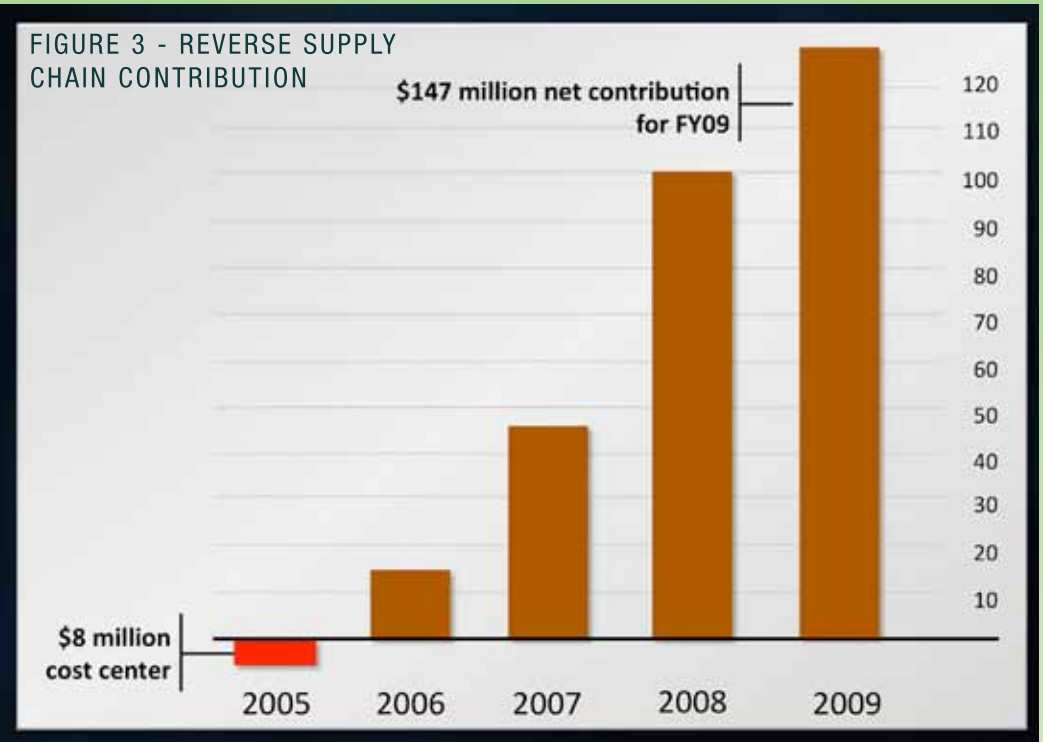
One of the most difficult challenges of recovering value through reverse supply chain channels is product mix. Along with the traditional difficulty in forecasting customer demand, there is the added complexity of unknown and extreme volatility in the supply chain. This is amplified in a high product configurability environment, making larger inventories holds necessary. A Maximum Inventory Product Mix Management solution was created with the goal to maximize the number of customers that can be satisfied while minimizing inventory. The tool does so by setting a maximum inventory holding level for each product, calculated by taking the difference between forecasted supply and demand based on historical data, and adding a

Safety Stock level over a given planning cycle. Anything in excess of the

“Maximum Level” would be recycled instead of being received into inventory, allowing the business to run as close to run rate as possible. By implementing such a solution in the reverse supply chain, maximum value is delivered while controlling the overall operating costs.

With changes in this process family, it helped Cisco to increase end-to-end data visibility and increase product reuse opportunities while carrying only required level of inventory in the warehouse.

ORDER MANAGEMENT: This process is for internal order fulfillment from the returned product inventory. One of the reasons for product returns in this process family, and largest by volume, is Stock-Rotation. In this return scenario the product returned is brand new, sealed and can be deployed or reused without going through any testing and re-packing. Cisco has built a tool for users to request inventory from returned materials. Internal customers place their request on the tool, and a complex set of rules allocates inventory to match demand. The engine allocates



inventory to the customer in multiple passes before generating the final allocation plan.

With changes in this process family, it helped Cisco to increase end-to-end data visibility and increase product reuse opportunities.

BENEFITS FROM THE REVERSE SUPPLY CHAIN TRANSFORMATION

- Reduced the cycle time between RMA booking and credit issue to customers.
- Increased the volume of returned, unusable material being recycled. By having end-to-end integration, there is 500% increase in cost

avoidance. Recycling about 22 million pounds of returned material through environmental friendly processes, supporting Cisco's commitment to social responsibility.

- Upfront determination of product disposition helps reduce warehouse inventory and expedite the order management process.
- Recovery rate increased to 80%, hence reducing grey market and brand protection risks.
- By redeploying products after return, millions of dollars were added to Cisco's bottom line. In 2005, the Cisco returns business was a cost center---by 2009 the

consumer acquisitions such as Linksys and Scientific Atlanta. Cisco recycles about 22 million pounds of return material in alignment with Cisco's philosophy of social responsibility. An extensive process analysis was done to identify disconnects and gaps. The results were organized into major process families and associated processes:

INBOUND LOGISTICS: Management of product returns in transit to receiving locations. As mentioned earlier the material recovery rate was very much less after the RMA booking. After doing an analysis, it was discovered that there are times when the customer needed a reminder to return the material, and other times when customers needed more help in the return process – identifying the return location, label printing etc. To solve this problem, Cisco decided

to create Proactive Asset Recovery capabilities to help the customer in returning the material. This capability will help connect Cisco with customers and maintain all records of each touch point with the customer. Tools provided by multiple vendors were evaluated but none of them were addressing the requirements. The decision was made to create a tool, which will assign open RMAs to agents, build contact lists, keep track of customer touch points, and help facilitate conversations with customers.

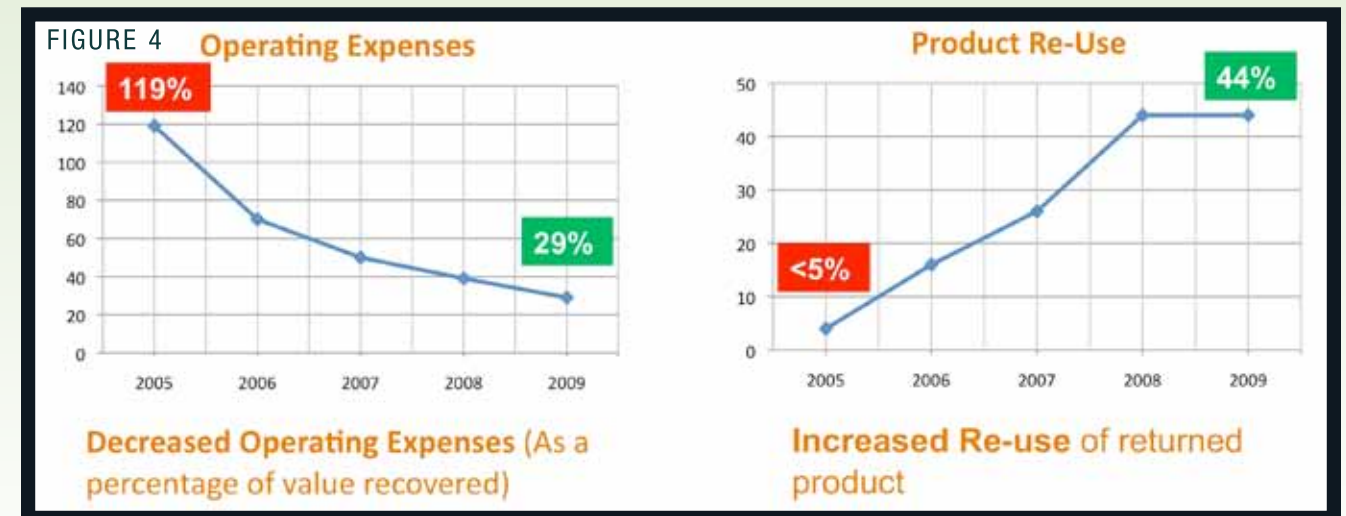
By creating this tool, product return rates increased dramatically to over 80% and Cisco was able to recover more products from the customer. It enhanced customer satisfaction and also helped Cisco in reducing brand protection and grey market risks.

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EMERGING MARKETS: As Cisco expands business in emerging market, we have to align returns processes accordingly. Understanding the local markets/government regulations and extending current processes/capabilities in order to meet demand of local markets will be pivotal.

Acquisition Strategy: Cisco is big on acquiring companies that enable us to accelerate our market and industry leadership position. To date Cisco has completed over 135 acquisitions. When Cisco acquires a company, the challenge is to integrate the return

vendor in Cisco Reverse Supply Chain. A flexible architecture is needed to support the rapid onboarding of new vendors from acquisitions.

Web Services: Cisco faces the challenge of distributed business process execution and maintenance, because of multiple systems involved in the return transaction. Cisco is building a web-services to execute business logic in one system.

In closing, end-to-end data visibility, reduced transaction time and operating expenses resulted in customer satisfaction numbers to go up. Cisco will continue to improve Product Returns by providing better tools and processes and further enhancing customer satisfaction.

Product returns occur for many reasons - distributor inventory rotations, proactive Trade-In and Upgrade programs and warranty returns, are some of the ways products get introduced to the Reverse Supply Chain. In many enterprises the challenge of managing returns is looked upon as a burden when in fact, if planned and

done properly, it can be an opportunity to create a positive experience for the customer and can set a foundation of re-use and cost avoidance that saves the organization unneeded spend. By concentrating on the Reverse Process, one can actually enhance the overall customer experience while unlocking the true value of the product.

Product Returns should be viewed as an opportunity and a commitment to the development of a robust set of policies and processes that delivers an increased positive experience for customers and a platform for overall cost improvement. It must be understood that the customer experience does not end with the sale of the product and its subsequent use, but is in fact extended through the return process. The idea that returns equal undesired costs does not always hold true. By unlocking the value of returns, the process could lead to profit and internal cost reductions.

RLM



Bob Anderson – Senior Operations Manager, Global Logistics, Cisco Systems. Bob has 16 years of High Tech Industry experience in Reverse Logistics, Manufacturing Planning and Supply Chain Management. Over the last five years he led the team that transformed Cisco's Global Reverse Logistics approach and footprint.



Mudit Agarwal – Solution Architect, Customer Value Chain Management, Cisco Systems. Mudit has over 13 Years of industry experience in Reverse Logistics, Customer Relationship Management, Unified Messaging and Telecom. He has expertise in software development lifecycle, solution architecture, building and managing architecture roadmaps. Over the last 4 years at Cisco, he has been leading solutions architecture efforts, providing solutions and helping business grow in Reverse Logistics, Access Management, Risk Management areas.

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business made a net contribution of \$147 million to Cisco's bottom-line.

- Improved Process Efficiency and Reduced Transaction Cost By ~ 30%
- Improved Process for Product Reuse. In 4 years from 2005 to 2009, operating expenses are down from 119% to 29% ; Reuse has gone up from less than 5% to 44%, giving another life to the product before it was scrapped and saving the environment.
- For the first time in the last 4 years, Customer Satisfaction went above the target of 4 (on a scale of 5) to 4.21, which is a huge success.

WHAT IS NEXT

As Cisco enters new market segments, explores emerging markets, and acquires more companies, the challenge will be to continue to enhance the reverse supply chain capabilities and optimize processes. Cisco is always considering alternatives, innovating new solutions, and developing better architectures to meet tomorrow's challenge. There are few things, which Cisco has already started working on in order to align with Cisco vision and strategy.

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Interested in Networking?

RLA Seminars are one-day events held around the world that bring RL professionals together to address specific industry topics pertinent to OEMs, Retailers, and 3PSPs. The highlight of these events is a facility tour showcasing efficient return, repair and services operations from industry leaders such as Best Buy, HP, Walmart, Motorola and Dell.

Upcoming RLA seminar will be:

**Lexington, Kentucky • August, 2010
Facility Tour Sponsored by:**



Lebanon, Tennessee • October, 2010





RLA SÃO PAULO, BRAZIL 2010 RECAP

REVERSE LOGISTICS ASSOCIATION
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HIGHLIGHTED SPEAKERS



David Novak - Director International Strategic Relations, Assurant Solutions
Harvesting Value out of Defective Returns



Heriney Queiroga, - Consumer Care Manager, Philips
PANEL DISCUSSION: Asset Recovery and Returns Management



Nick Patterson - Americas Logistics Manager, Dell
A Hitchhikers Guide to RL Packaging – discussing a 12 month Dell success story



Euripedes Gomes - LAR Go-to-Market Supply Chain Manager, HP
Think Forward! Challenges of a Forward Logistics Problem with a Fitting RL Solution



Jose Faria - Board Director, Cellbrass
CASE STUDY: Nokia After Sales - A success case in the EMEA Region



Gotthard Haug - CEO, Teleplan
The value add of a dedicated After Market Service Provider - What does the customer expect today?



Robert Krauthem - President Technology Global DHL Global Customer Solution
Next level of Service Parts Logistics and Return Logistics

The Reverse Logistics Association held its inaugural Latin American Conference and Expo April 14th-16th in Sao Paulo Brazil –and it was a resounding success!

Attendance blew away all expectations with over 230 registered attendees and over 125 companies represented! Companies like Dell, HP, Motorola, Correios, Phillips, Teleplan, and Cisco all participated to discuss RL issues on an international platform, and many new international relationships we made. RLA is excited to go back to Brazil for the 2nd Latin American Conference next year!



Ricardo Fógos - Corporate Sales Office Postal Orders Correios
Improving the Performance of Post-Sale



Juliana Seidel - Environment Senior Specialist, TetraPak
Environmental Solutions to RL Packaging



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REVERSE LOGISTICS ASSOCIATION MAGAZINE



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Police Use New Tools to Build Case Against “The Richmond Girls”

by Detective Sean Smith

The economic downturn means business is busier than ever for law enforcement. The reasons are obvious; as unemployment has increased and the job outlook has grown worse, more people, even normally law-abiding citizens, are growing increasingly desperate and are turning to crime.

As a Sacramento, California Sheriff’s detective assigned to the Sacramento

Valley Hi-Tech Crimes Task Force, these crimes are dealt with every day. In the past few years, criminals at all levels – from simple shoplifters to those involved in organized retail crimes – have been taking advantage of the latest technologies as they go about their business. Fortunately, technology that has been developed has become our most valuable asset in leveling the playing field. One unique technology employed is

an online product database called SIRAS P.I, which has been developed by a company, called SIRAS, and is provided free to law enforcement agencies.

SIRAS is the pioneer in retail point of sale electronic product registration, and the database contains hundreds of millions of product serial number transaction records that were developed through the company’s

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ongoing partnerships with retailers and manufacturers. While this database company doesn't collect any consumer information at all, the information it provides in its detailed product transaction records has proven instrumental in linking products, indisputably, to specific crimes, and helping apprehend and convict criminals.

California's Sacramento Detective Task Force first learned about this tracking database in late 2007, when the task force was investigating a case now known as "The Richmond Girls." The group was made up of six women in the Richmond, California area who were buying credit card numbers of U.S. citizens that had

been stolen and then made available through websites in Russia, as well as other sources. The women would then re-encode other stolen credit cards with these fraudulent numbers and use them to purchase retail gift cards and other merchandise from "big box" stores along the I-80 corridor between Sacramento and San Francisco.

Buying retailer gift cards is a common practice in the world of organized retail crime: This plastic money can easily be re-sold at a steep discount through Internet auction sites, at flea markets, and a variety of other places. In the case of the Richmond Girls, the team had been alerted by investigators to a Target store that had seen an

increase in recent months of credit card chargebacks linked to suspected illegal credit card transactions. Additionally, there were video images of two suspects. Shortly after being alerted, one of the Assets Protection team members happened to recognize one of the suspects on video surveillance cameras attempting to buy a large number of gift cards. The suspect was detained by store security personnel, and the police were called. Upon arriving, the police found the second suspect waiting in a car.

While building the case against the two female suspects, two more women were apprehended in a similar manner at another mass-market

retailer. And, in the course of the expanding investigation a storage facility was discovered, rented by one of the suspects. Inside, more than \$80,000 in merchandise was found, including a computer.

SIRAS P.I. Helps Establish Ownership

One of the most difficult aspects in building a prosecutable case in this type of crime is determining the ownership, or the transaction history of any recovered merchandise. If no owner can be established, it's difficult to prove that a crime has occurred, which then makes the case almost impossible to prosecute.

Hoping for the best, the computer's serial number matched a number in the tracking database. Because the computer – and many of the other products recovered were registered with the retail point of sale database, investigators were able to quickly determine where and when the computer had been purchased, thus establishing the original ownership and the item's transaction history. The detectives were then able to contact the retailer for the transaction payment detail, which revealed that the computer had been purchased with one of the fraudulent credit cards. The investigators also tracked several other products found in the storage facility against the serial number database, helping identify the retailers from which they had been fraudulently purchased and enabling action with other retailers.

Additional forensic examination of the computer revealed a list of

compromised credit card numbers, e-mails from an unidentified woman that contained credit card information, and a money gram receipt of a purchase made from an individual in Russia.

While discovering all the information on the computer was important in developing the case, SIRAS P.I. was fundamental in helping to tie the entire case together, leading to the conviction of all six Richmond girls. The database enabled the link to these products directly to the retailer. Linking the product to the retailer resulted in the fraudulent tender and other additional evidence, making the case very solid.

It also allowed the task force detectives to do something rarely experienced, and that was to return the merchandise to the retailer from

which it was stolen. Finding the rightful owner is a tremendously gratifying feeling. Technology has certainly served the criminal element well, often times giving them the upper hand. But it is also providing law enforcement with the tools to fight these crimes and put the perpetrators behind bars.

RLM



Detective Sean Smith is a Sacramento, California Sheriff's Detective assigned to the Sacramento Valley Hi-Tech

Crimes Task Force. This task force, commanded by Sacramento Sheriff's Captain Jim Cooper, comprises more than 40 different law enforcement agencies in the Sacramento region.



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7th Annual RLA Conference & Expo AMSTERDAM

June 14th-16th 2010



KEYNOTE SPEAKER



Jack Allen
Director of Supply Chain Operations
CISCO

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

Monday morning sessions start with the Welcome Address by Gailen Vick, President of RLA. Speaker sessions will commence after lunch and continue throughout the day and also on Tuesday. Post-conference workshops will be held on Wednesday, June 16.



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CONFERENCE & EXPO

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The Hotel Okura Amsterdam is a five-star, luxury hotel located on the banks of the Amstel Canal, close to the financial, cultural, and entertainment district of Amsterdam. Hotel Okura Amsterdam received the Green Key for meeting the strict demands that this international sustainability label maintains for the hotel/conference category. The Green Key is the most important international sustainability label for companies in the tourism and leisure industry.



6/13 RLA Reception for Exhibitors, Sponsors and Speakers - Exhibit Hall - 6:00pm - 7:30pm

6/14 EXHIBIT HALL OPENS - 8:30am

RLA INDUSTRY/FOCUS COMMITTEE REPORTS - 9:00am - 10:00am

WELCOMING REMARKS - Gailen Vick, President, RLA - 10:30am

KEY NOTE ADDRESS - Jack Allen, Director of Supply Chain Operations, Cisco - 11:00am



BUFFET LUNCH - EXHIBIT HALL - 12:00pm - 1:30pm

	Track A	Track B	Track C	Track D
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1:30pm	Thomas Mueller - Director, Care Supply Chain Management, Nokia RL Shared Costs Between Wireless Carriers and Manufacturers NOKIA	Bryan Maguire - Regional VP for EMEA, Jabil Optimal Spare Parts Management	Mark Hilton - VP of Reverse Logistics Bob Cleary - Manager, Repair & Refurb Some Reflections on 3PSPs TOMTOM	Reverse Logistics Issues in the Data Storage Industry
2:30pm	Tony Sciarrotta - Director, Asset Recovery PANEL DISCUSSION: New Ways to Streamline Operations, Drive Profits, and Delight Customers TESCO PHILIPS lenovo	Christian Christensen - Vice President, Elcoteq Challenges in Global AMS Business	Dr. ir. Harold Krikke - RLA Professor of Closed Loop SCs Dianne Hofenk - MSc Global Survey on Reverse Logistics: Survey Results	Thinking Forward in Returns

INTERMISSION - REFRESHMENTS - EXHIBIT HALL - 3:30pm - 4:00pm

4:00pm	Maarten Pruijboom - Managing Partner, Serve2XL PANEL DISCUSSION: Methods of RL Outsourcing SONY	Euripedes Gomes - LAR Go-to-Market Supply Chain Manager End-to-End Product Life Cycle Management hp invent	Services Role in Delighting Customers and Driving Loyalty	Maximizing Opportunities From Managing Sustainability Risk
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AMSTERDAM CANAL DINNER CRUISE
5:30pm - 8:30pm

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6/15 EXHIBIT HALL OPENS - 8:30am

	Track A	Track B	Track C	Track D
9:00am	Dick Kluis - Vice President, Product Marketing, Servigistics PANEL DISCUSSION: Efficient Returns Management	Liam O'Halloran - Senior Vice President, Dex Integrating Reverse Logistics to Drive Out Costs and Reduce Cycle Times	Jelle Schoenmaker - Sales Director, Cycleon Leveraging Superior Performance to Earn the Loyalty	Reverse Logistics - The Next Generation of Support and Value Add Services

INTERMISSION - REFRESHMENTS - EXHIBIT HALL - 10:00am - 11:00am

11:00am	PANEL DISCUSSION: Challenges and Compliance with Cross Border Commerce	Jeroen Weers - Developmental Manager RL, Spring Global Thinking Forward in Reverse Logistics	Theo Alkemade - Vice President Mobile Services EMEA&APAC, Teleplan	Repair and Asset Recovery to Support Leased PC
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BUFFET LUNCH - EXHIBIT HALL - 12:00p - 1:30pm

1:30pm	Stefan Danckert - CTO, Arvato Services Reverse Logistics with SAP R/3	Stef de Bont - Managing Director, pinkvision Controlled Reverse Chains for End-of-Life Products	Herman Goemans - Managing Director Streamlining Reverse Logistics by Design	RL Quote, Research and Consultants Co-op
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2:30pm	Adrian Clitheroe - MD, Amark International Panel Discussion: Environmental Mgmt Considering Sustainability and CSR Canon Cisco	David Novak - Director International Strategic Relations Harvesting Value out of Defective Returns	Leslie Harms - Director of Membership Relations Reverse Logistics Association Making the Most of your RLA Membership Benefits	Reverse Logistics as an Asset
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CLOSING REMARKS - Kurt Walker, Director of Special Events, RLA - 3:30pm

LUCKY DRAW - Leslie Harms, Director of Special Events, RLA - 4:00pm

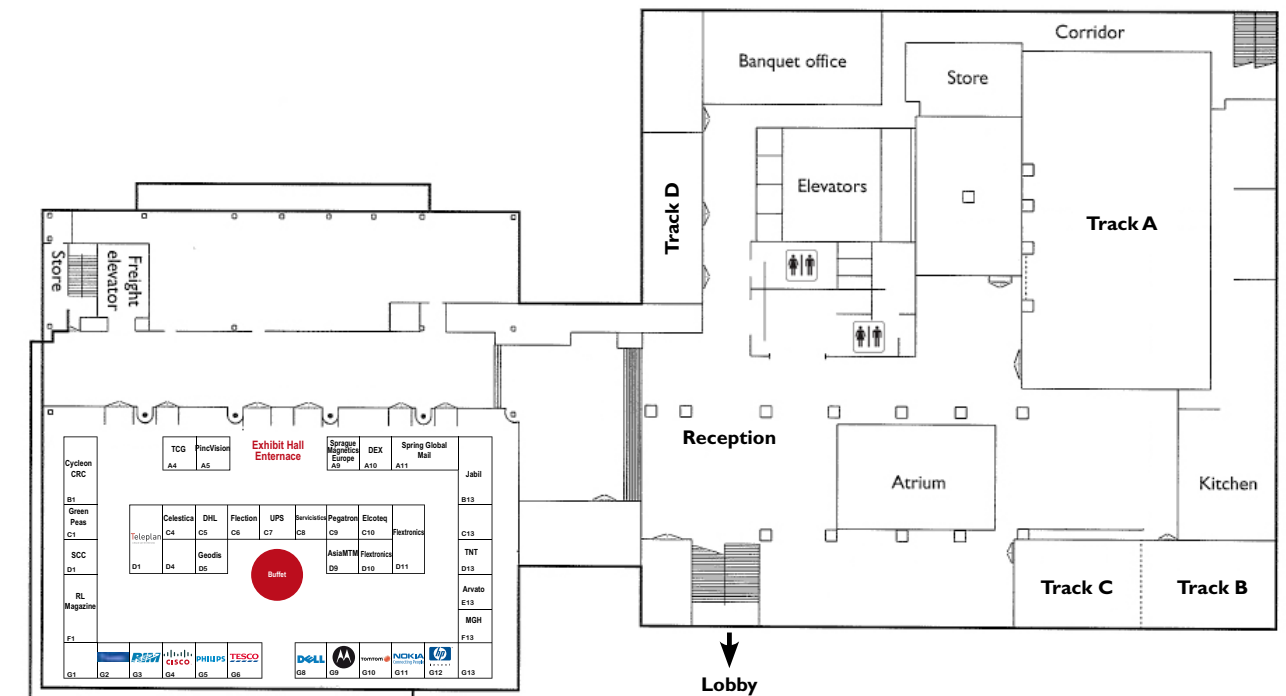
for MP3 Players, DVD RW, Portable DVD Players, External Hard Drives, Digital Cameras (you must be present during the drawing to win)

6/16 Post-Conference Workshops - 9:00am - 3:00pm

Gailen Vick - President & CEO, Reverse Logistics Association Successful Outsourcing - RFQs, Contracts and SOWs	Coen Jeukens - Managing Partner, Serve2XL How to Involve the Retail Channel in Your Reverse Logistics Strategy	Dr.ir. Harold Krikke - RLA Professor of Closed Loop SCs, Open University WEEE and RoHS Updates Create New Opportunities for Recycling Revenue
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ADVISORY BOARD MEETING - 4:00pm - 5:00pm

Hotel Okura Amsterdam Convention Center Floorplan



The Reverse Logistics Lifetime Achievement Award recognizes outstanding individuals whose pioneering spirit and demonstrated inventiveness throughout their careers has improved our society and inspired others.



is Honoring the Life of
Dr. Jo van Nunen



It is with deep regret that we notify the world of the passing of Jo van Nunen. Jo passed away the week of April 10th, 2010.



Jo van Nunen was the chairman of the Department of Decision and Information Sciences of the RSM Erasmus University. The program leader of the research program on logistics and information systems, which is a joint program with the Technical University Delft and Erasmus University Rotterdam also, having been the scientific director of a national research program on "Transition to Sustainable Mobility" and of the Academic Centre for Transport. His research focuses on close loop supply chains and ICT applications in logistics. Many of the research projects he was involved with are co-operations with private companies and governmental organizations. As can be expected logistic organizations in the Port of Rotterdam are an important source of inspiration for this research.

Cycleon CRC	TCG A4	PincVision A5	Exhibit Hall Entrance				Sprague Magnetics Europe A9	DEX A10	Spring Global Mail A11	Jabil
B1									B13	
Green Peas	Teleplan C1	Celestica C4	DHL C5	Flection C6	UPS C7	Servicistics C8	Pegatron C9	Elcoteq C10	Flextronics	C13
SCC D1	D1	D4	Geodis D5	Buffet			AsiaMTM D9	Flextronics D10	D11	TNT D13
RL Magazine F1									Arvato E13	
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Amsterdam Canal Dinner Cruise



Sponsored by:




The Monday evening Amsterdam Canal Cruise Sponsored by DHL & Spring will provided attendees a chance to see some of Amsterdam plus the opportunity to meet with potential customers.

Bad Economy May Not Be So Bad for Third Party Service Providers

by Michael R. Blumberg

Over the last few months there has been much uncertainty and speculation about the future of the world economy. Most people want to know how the current economic state of affairs will affect the business they are in and their personal fortunes. The Reverse Logistics & Aftermarket Service Industry is not immune to this situation. Fortunately, our firm conducts an annual assessment of the size and forecasted growth rate of key market segments within the Reverse Logistics & Aftermarket Service Industry. This information provides our clients with critical input for developing market plans and evaluating alternative business scenarios. Our assessment is based

on an elaborate and proprietary econometric model developed by Blumberg Advisory Group which takes into account bottoms-up and top-down market sizing and forecast techniques. More specifically, the model involves an empirical analysis of secondary data sources with respect to historical & forecasted GDP (i.e., U.S. Department of Commerce, International Monetary Fund), Forward Logistics Expenditures (e.g., Council of Supply Chain Management Professionals, Donald Bowersox, Gap Gemini, etc.), product shipments and installed base characteristics (e.g., Frost & Sullivan, CEA, TIA, Research & Markets, etc.) and on-going primary

research (i.e., surveys, observations, audits, benchmarks, etc.) conducted by Blumberg Advisory Group on the relationship of reverse logistics spend as a function of forward logistics, product sales, GDP, and installed base characteristics. The model is sensitive to changes in GDP but not dependent on it.

Our most recent assessment was completed the beginning of this year (2009). It examines historical and forecasted data on the size of the market for the years 2008 to 2012 within the High Tech & Consumer Electronics Industry. Our analysis shows a Worldwide Market of US \$677 Billion in 2008. Service

8th Annual RLA Conference and Expo Las Vegas 2011

America's Premiere Reverse Logistics Event

February 7-9, 2011



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700 Companies**

Make plans now to join us for the 8th Annual Reverse Logistics Conference and Expo on February 7-9, 2011 at the Rio Hotel and Casino.

Monday offers pre-conference workshops and the conference industry reports. Tuesday is the keynote address, followed by over 150 sessions presented by RL professionals and leading academics.

The Expo where 3PSPs will showcase their RL services and solutions to OEMs and Retailers



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

Total = \$677 Billion

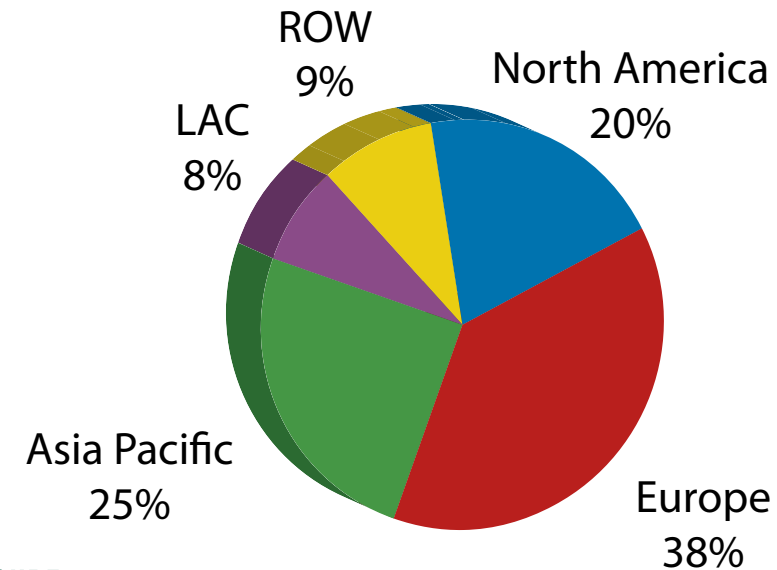


FIGURE 1
WORLD ELECTRONICS REVERSE LOGISTICS MARKET (I.E., IT, TELECOM, MEDICAL, MILITARY/AEROSPACE, CONSUMER ELECTRONICS, ETC.)

segments covered in this analysis include depot repair, warranty & returns management, liquidation, eWaste, and service parts logistics. The US represents 20% (US \$132

Billion) of the world market (figure 1).

While the overall RL market may

appear to be operating in the dull drums, the outlook for outsourced or 3rd Party Reverse Logistics (3PRL) Services is quite bullish. It is expected to grow by a Combined Annual Growth Rate (GAGR) of 10% between the years 2008 and 2012 (figure 2). In fact, the 3PRL segment will grow at the expense of the captive or in-house segment as OEMs continue to outsource and/or out-task critical RL activities and functions as a strategy to reduce cost and improve efficiency in light of no-growth market conditions.

The above macro-economic analysis is consistent with micro-economic data that we have been observing from many individual companies to date. As such, our forecast methodology is consistent with actual industry performance. Despite highly publicized bankruptcies, lay-offs, and downsizing strategies among OEMs and Retailers, we have observed that Third Party Service Providers

Industry Events



Paper Recycling Conference – Chicago
June 13-15, 2010
www.paperrecyclingconference.com

RLA Seminar – Lexington, KY
August 5, 2010
http://www.rltshows.com/lex10_event.php

E-Scrap 2010: The North American Electronics Recycling Conference – New Orleans
September 29-30, 2010
www.e-scrapconference.com

RLA Conference & Expo – Amsterdam
June 14-16, 2010
www.rlashows.com/amsterdam.php

RLA Conference & Expo – Singapore
September 27-29, 2010
www.rlashows.com/singapore.php

CSR, Corporate Giving & Brand Protection Summit – Park City, UT
December 6-8, 2010
http://www.rltshows.com/utah_summit.php

NORTH AMERICAN REVERSE LOGISTICS

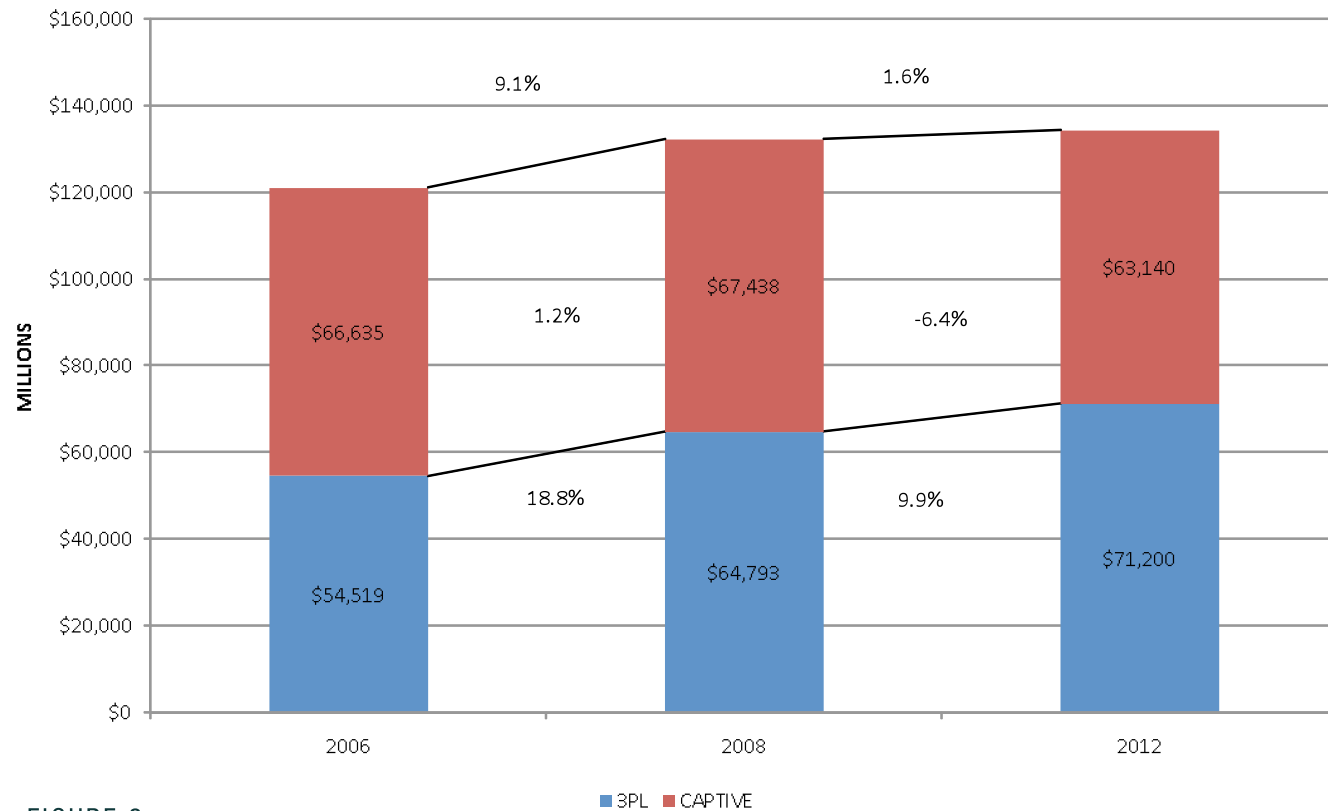


FIGURE 2

(3PSPs) continue to win new business in this current economic climate. However, sales cycles are taking longer and there is increased cost pressure of 3PSPs. The fact of the matter is that products sold into the market still require Reverse Logistics & Aftermarket Support even if sales decline and financial performance requires the OEM/Retailer to cut back. Third Party outsourcing provides OEMs and Retailers with a low cost option which may even be more efficient and higher quality than their own organization.

Given the market outlook, OEMs and Retailers are advised to aggressively find opportunities to reduce cost and improve the quality and efficiency of RL operations vis-à-vis business process outsourcing and subcontracting relationships. For 3rd Party Reverse Logistics Providers the market is expected to become intensely competitive as providers vie for greater share of OEM/Retailer RL dollars. The establishment of a strong value proposition, knowledge

of market requirements, and the availability of bundled, value-added service programs will be just a few of the critical keys to success in this market over the next 2 to 3 years.

RLM



Michael R. Blumberg is a Certified Management Consultant (CMC) and President & CEO of Blumberg Advisory Group,

Inc. His firm focuses on providing strategic and tactical assistance to client organizations for improving the overall profitability and quality of aftermarket service operations. Mr. Blumberg has established himself as an expert and industry authority on Reverse Logistics and Closed Loop Supply Chain Management. Mr. Blumberg also serves as a Chairman of the Reverse Logistics Association's Medical/Pharmaceutical Focus Committee

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Read the Press

Global Reverse Logistics Survey

The Reverse Logistics Association and Open University Netherlands/Rotterdam School of Management are about to start a Global Reverse Logistics survey. This survey is conducted on five continents across different industries and concerning different types of returns. It will be held in three parts. Please watch your email in the next couple of days for the link to the survey. You are cordially invited to participate in our global RL survey. As a reward you will receive a summary of results, providing a reverse logistics benchmark of your company.
<http://www.reverselogisticstrends.com/shownews.php?id=7727>

Flash Global Logistics Continues Brazil Expansion

Pine Brook, NJ—14 April 2010—Flash Global Logistics, leader in single source innovative supply chain solutions for mission critical parts and products,

announces growth of its Brazil Operations to include 26 forward stocking locations in Brazil, a Distribution Center, tri-lingual Command Center, and capabilities as a legal entity for import and export of parts and products. Flash systems are electronic nota fiscal compliant to allow for filing within the Brazilian fiscal system.
http://www.flashlogistics.com/media-center/media_press.php

Glenville electronics recycler purchased by NH metal refiner

Schenectady-27 April 2010-Colt Refining Inc., a New Hampshire-based company that salvages precious and non-ferrous metals from recycled electronics, has purchased Waste Management and Recycling Products of Glenville, according to an official press release. Terms of the purchase will not be disclosed.
<http://blog.timesunion.com/business/glenville-electronics-recycler-pur->

[chased-by-nh-metal-refiner/19509/](http://www.prnewswire.com/news-releases/blanco-helps-sims-recycling-solutions-convert-business-risk-to-peace-of-mind-92069354.html)

Blanco Helps Sims Recycling Solutions Convert Business Risk to Peace of Mind

Joensuu, Finland—26 April 2010—Blanco, the global leader in data erasure and end-of-lifecycle solutions, today announced that Sims Recycling Solutions ensures assets are data safe before they are recycled or refurbished by embedding Blanco's data erasure software into its proprietary online system, WebView.
<http://www.prnewswire.com/news-releases/blanco-helps-sims-recycling-solutions-convert-business-risk-to-peace-of-mind-92069354.html>

Electronic waste - Extended producer responsibility in Canada

26 April 2010-The increasing use of electronic products by consumers and businesses today and their high turnover rate, in response to demands for new technology, has led to an explosion of electronic waste in Canada. This waste stream has received a lot of attention around the world due to the impact of electronic waste on the environment and human health. Like the European Union (and other European countries), US, Japan, South Korea, and a number of other countries, Canada has implemented its own programs for managing electronic waste.
<http://www.ept.ca/issues/story.aspx?aid=1000368934>

Making Reverse Logistics Green and Profitable

26 April 2010-Italian researchers have developed a logistics model that could allow old equipment from refrigerators to mobile phones to be recycled more efficiently under product take-back regulations. They outline their approach in the International Journal of Logistics Systems and Management.
<http://www.sciencedaily.com/releases/2010/04/100426081246.htm>



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Directing Reverse Logistics – A Corporate Paradigm Shift

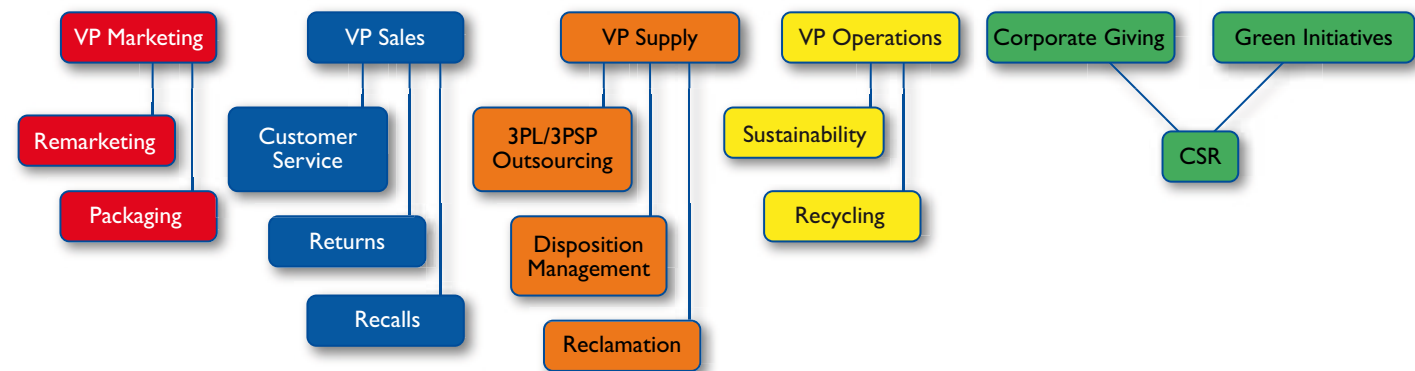
by Kurt Walker

There have been many studies that have attempted to size the reverse logistics market in the world today. One of the main struggles of such an effort is that there is no real consensus on the definition of reverse logistics, thus there is constant discussion about which functions that a company engages in actually fall under the RL label. A company may have an executive VP of returns, but potentially neglect recycling or re-use issues on that same level. There are many people within a company engaging in what are considered RL functions, but they're not coordinating efforts or resources, or worse they are competing for resources. Bringing those functions together is the purpose of this paper - to explore

the benefit of a new executive level position over reverse logistics.

In an economic climate where companies are using words like "strategic value," "profit maximization" & "environmental profitability" with their shareholders, ignoring the RL issue by consistently placing it subordinate to planning, forward-logistics, and marketing functions seems to defy reason. I doubt there would be a company today who would not jump at the chance to capture an additional 5% profit to their bottom line. This figure is the reality now of properly coordinated and executed RL models.

The problem is that companies simply refuse to execute on the fact that better RL management can be as important, or possibly (depending on case) more important to the profits of a venture as is solid design, marketing or flawless to-market execution. One major flaw in the RL model is that there are so many competing voices within the RL space – Director of customer service, Director of returns, reclamation manager, recycling & sustainability manager, CSR, corporate giving, green initiatives, disposition management, recall managers, packaging, remarketing, 3PL/3PSP outsourcing...you get the idea: myriad people functioning separately - usually reporting to different VPs within the



company, and doubtless with much overlapping of responsibilities, redundancy, and confusion. A model of this situation might look something like this:

Unfortunately, too often it's only after some significant failure that a company sees the problem of such an incongruent structure and finally considers the value of a functioning RL model within their enterprise. There are many examples of this, from a company incurring federal environmental penalties resulting from improper disposal, or angry and lost customers because of unsatisfactory failure remediation, to a public campaign for sustainability countered by a lack of

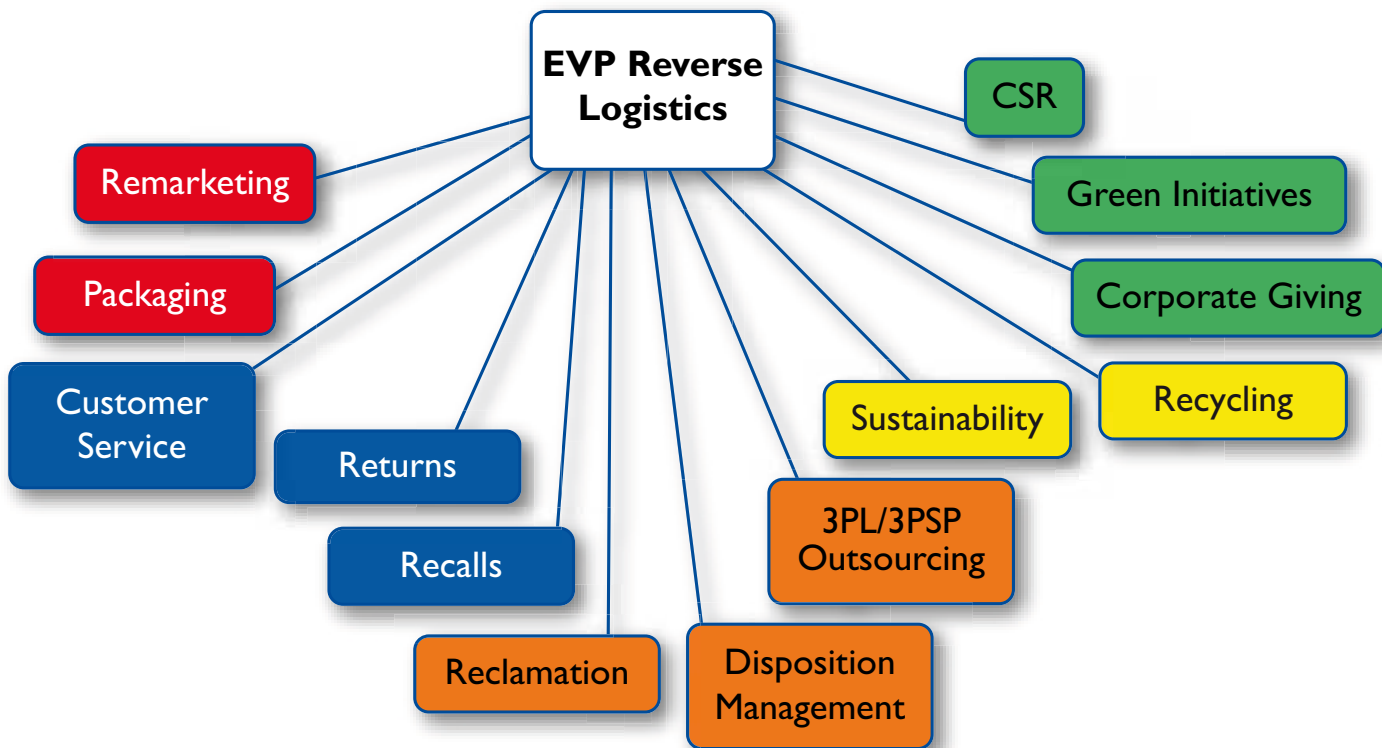
execution of green initiatives. It's time that companies think about a cohesive strategy to bring seemingly disparate functions together within their model.

This only works if the involved RL executive has within his reports all areas of a company's customer service, service logistics, after-market supply chain, sustainability initiatives & CSR departments.

Consider if all the different parts of the RL machine are actually

reporting and coordinating under the more rational singular umbrella of an executive over everything RL - imagine the efficiencies that could be captured, the streamlining that could occur if all these pieces which feature RL functions are coordinated by reporting to a single EVP of Reverse Logistics. This executive could then coordinate with other executives across the corporation. (See Figure 2)

An executive management structure that does not give voice to the reverse logistics viewpoint when considering product development or marketing strategies surely opens the company to future pitfalls. If a company has involved reverse



logistics as a whole from the beginning of forward supply chain issues, with cohesive reporting and coordinated execution, there will be significant bottom-line impact. This only works if the involved RL executive has within his reports all areas of a company's customer service, service logistics, after-market supply chain, sustainability initiatives & CSR departments.

I think RL has grown and strategically progressed to the point that many successful companies have identified their reverse logistics approach as a strategic variable with significant profit opportunity, on par with their product development, engineering, or marketing strategy. The fact that companies are identifying reverse logistics as part of their competitive advantage now bears out the need for there to be an executive level position coordinating the efforts of all facets of RL, while effectively

representing RL to the balance of executive management.

Because there are so many disparate voices involved in the different areas of RL today, a wise enterprise would create an umbrella position on the executive level to coordinate efforts of the different facets of RL and interface with CEO, CTO, CFO, & CMO positions to address reverse issues from the beginning of the product cycle – the planning stages.

One executive I spoke with at a recent conference who works at a prominent cell phone OEM has done just this. He has advocated RL to the point of being on the VP level, and having a voice with all other executives in product & market execution planning - even to the point of having veto power if he identifies a serious RL pitfall in the process. This company is now preempting risk simply by correctly

involving RL in their planning, through essentially C-level participation of an RL executive.

I hope that organizations will follow the lead of a few pioneering companies who have identified reverse logistics as more than what amounts to disaster remediation, and see it as a way to improve cost savings, customer satisfaction, profitability, environmental viability, and ultimately competitive advantage and profits. With so much at stake in business today, I imagine this will become less the fanciful thoughts of a myopic RL professional, and more a standard requirement of business success.

RLM



Kurt Walker spent 15 years working in manufacturing, packaging, and customer service. He is currently Special Events Director for the Reverse Logistics Association.

Technology Spotlight

McAfee apologizes for crippling PCs with bad update

Computerworld - McAfee Inc. apologized late Thursday for crippling thousands of customers' computers with a flawed update the day before.

Reports, confirmed and anecdotal, put the number of affected PCs in the thousands, the majority of them business machines. Only systems running Windows XP Service Pack 3 (SP3) were clobbered by the bad update, but it's the newest version and Gartner Inc. analyst John Pescatore estimates that it has a 50% share of the enterprise market.

Computers crippled by the update crashed and rebooted repeatedly and lost their network connections -- a symptom that forced support technicians to work on downed PCs individually, thus dragging out the time required to resuscitate machines.

Early Thursday, McAfee made available a semi-automated tool, dubbed "SuperDAT Remediation Tool," that's designed to restore a crippled computer. SuperDAT can

be downloaded using a link on this support document.

http://www.computerworld.com/s/article/9175940/McAfee_apologizes_for_crippling_PCs_with_bad_update

Consumers finding bulk deals online

Fiyaz Keshwani has always been one to barter and is never happy paying full price when shopping. So when he found out he could get movie tickets at almost half off by jumping through a few hoops, he figured it'd be worth a little hassle for a great deal.

The 27-year-old from Edmonton turned to the Internet, collected money from dozens of fellow movie fans online and arranged to buy 1,500 tickets directly through Cineplex Odeon at wholesale prices.

Companies like Costco and Sam's Club have long been known for leveraging the power of bulk buying to get lower prices. Now, consumers are turning to the Internet to find better deals by buying in big numbers.

A slew of websites have sprouted up in recent months to take the work out of organizing a group buy and typically offer deals of around 50 per cent off purchases — provided that a specified number of users agree to buy.

Simoes said group buys are a no brainer — if you can get them to work.

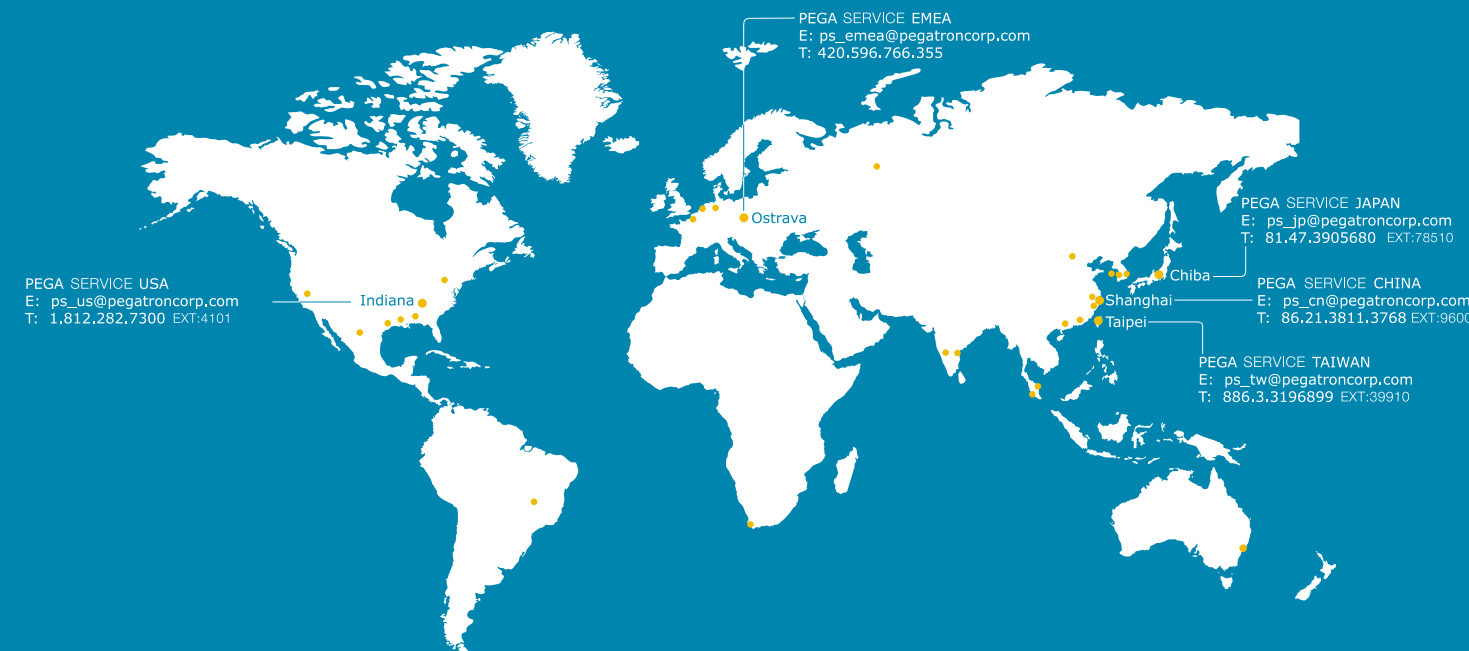
"There's a lot of merit behind a group buy," he said.

"If you can get six or seven guys buying tires and you can save \$150 or \$200, why not get a much better deal?"

<http://www.theglobeandmail.com/news/technology/personal-tech/consumers-finding-bulk-deals-online/article1542142/>



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Avoiding the Pitfalls of International Returns

by Tom Stanton



This is the third in a series of articles on international returns. In the first article, the topic discussed was the problem of not preparing for potential returns of previously exported merchandise. And the second article focused on country of origin and classification. The following is a short summary of the information provided in the first two articles.

PART 1 SUMMARY: CUSTOMS AND CUSTOMS BROKERS:

When returns happen without any preparation there are extra costs and potential penalties involved. As explained in the first article, U.S.

Customs and Border Protection has been around for a long time. Their mission is to protect the United States from prohibited imports and exports and protect the commerce of the United States from unfair competition from foreign countries. Customs manages imports through the work of Customs inspectors and import specialists. The inspectors are on the front lines reviewing information about shipments and the import specialists work in the background setting inspection criteria and reviewing the documentation after provisional release of the merchandise under Customs bond. Customs brokers, who contract with Customs to help the public understand and comply with Custom laws, must pass a test on the Customs laws of the United States. This includes detailed studies on the country of origin and classification of imported merchandise.

PART 2 SUMMARY: COUNTRY OF ORIGIN AND CLASSIFICATION:

In last month's article details were presented on country of origin and classification of merchandise. The country of origin of merchandise is important because trade agreements are made to treat the goods of our trading partners differently. For some countries with very low standards of living we allow their goods duty free entry into the U.S., and for others, minimal duties. Countries who are not our trading partners, such as Cuba and North Korea, duties are applied in the 50% to 90% range, or embargo importations completely. In some cases, goods are imported that are the product of two countries, such as items made from wood grown in Thailand then processed in China into walking sticks. China becomes the country of origin of the finished item provided. US Classifications are made up of ten digits. The first six include the chapter (first two),



heading (first four) and subheading (first six). The remaining numbers allow for statistical separation of products so that U.S. manufacturers and other interested parties can differentiate between products in detail. Duty rates are assigned to products usually at the six digit level.

PART 3 RETURNS: PRACTICAL CHALLENGES ON IMPORTATION OF YOUR RETURNED PRODUCTS.

AMERICAN GOODS RETURNED

When goods are returned to the U.S., they are either U.S. originated goods or foreign goods. U.S. goods returned have their own classification as U.S. goods, and can clear Customs duty free. In essence, the classification states that the goods being returned that were imported from the U.S. and have not been "advanced in value or improved in condition" are still considered American goods. When making a U.S. goods declaration, one should have either a bill of materials, or a letter from the manufacturer, on file to support the claim these are U.S. originated products. The piece should be marked Made in USA as well. There is a declaration by the foreign shipper required for goods valued over \$10,000.

DUTY DRAWBACK-AMERICAN MANUFACTURED GOODS

Some manufacturers export goods, which were manufactured from imported materials. These goods would normally qualify as U.S. originated returns due to the amount of work done in the U.S.. However, the exporter may have claimed duty back on the exported product by identifying the imported materials and the duties paid. This is called manufacturing drawback. If manufacturing drawback was claimed, the duty paid back by the U.S. government must be repaid for goods permanently returning to the U.S. A duty drawback refund is only

applicable to goods remaining in a foreign country. If the duty amount per unit is small, it may be the least cost to repay the duty drawback amount. Alternatively, a temporary import entry can be made, which will be discussed later in this article.

FOREIGN GOODS RETURNED

If the goods being returned are not of U.S. origin, there are several options one might use to deal with the situation. The U.S. tariff schedules specify that foreign originated goods are dutiable upon return to the United States unless they are exempt by some other provision of the law.



REJECTED MERCHANDISE

U.S. law allows for free reentry of rejected foreign merchandise on a duty free basis, provided that the importer was the original importer within three years of the previous importation, and the goods were rejected because they did not meet sample or specification of the country of origin. If the goods were returned as part of an exchange or upgrade program they would not qualify for duty free entry under this exemption. The complete details of this program are specified in 19 CFR 10.8a.

TEMPORARY IMPORTS

If one has foreign goods imported for further manufacturing, or upgrade, one may qualify for temporary entry of goods, that are intended to be repaired, altered or processed. Perhaps the goods are being imported for a trade show, or a scientific purpose, and could be exempt for those reasons. Goods of a foreign origin can also be imported temporarily by making entry into a foreign trade zone, or a bonded warehouse. All three of

these options require import and export entry documentation, and are therefore more expensive than a standard import entry.

TEMPORARY EXPORTS

There is one further provision that allows foreign goods exported for trade shows that are open to the public, or for scientific purposes, to reenter the United States duty free. One useful method along this line is a Carnet, which is a Customs bond that allows duty free entry of merchandise into foreign countries and back into the United States if both countries are signatory to the program.

CONCLUSION

If one's importation is American goods returned for repair, or upgrade, and one can prove the origin is U.S., there should not be a problem with entry into the U.S in terms of duty charges. However, if one has foreign originated goods, or goods which were claimed on duty drawback, one should work through the options

ahead of time on what type of entry one will be making. The list provided here is not a complete list of the options or exceptions applicable, but the common ones are included.

RLM



Tom Stanton is a Certified Customs Specialist and licensed Customs broker with the National Customs Brokers and Forwarders Association. Tom

keeps up-to-date each year with new regulations and compliance requirements, such as 10+2 import requirements, that go into effect January 2010. Tom is also an international traffic manager and an international small package consultant with more than thirty years experience. He can be reached by email at tom.stanton@afms.com or by phone at 503-246-3521. In addition, Tom is known as the "Transportation Doctor" and has several videos available on YouTube.



The Reverse Logistics Association and Open University Netherlands are conducting a survey on Global Reverse Logistics.

The survey will take approximately **15-20 minutes** of your time to complete. It is possible to participate anonymously and answers will be treated confidentially. It is very important that many people fill out the questionnaire, because only then can provide you with a good overview of current reverse logistics practices. Please take the time to complete this survey and, if you like, **enter the drawing for an iPod, BlackBerry Smartphone and other prizes.** If you are interested in the results of this study, you can provide your e-mail address at the end of the survey to receive a summary.

The preliminary findings of this survey will be presented at the RLA Conference & Expo in Amsterdam on June 14, 2010 at 14:30 (2:30pm). These findings will be presented by Dianne Hofenk and Dr. Harold Krikke of the Open University of the Netherlands.

Declining volumes and tough competition force companies to seek new sources of income. Few however consider reverse logistics as a strategic option.

ENVIRONMENTAL VALUE

As part of corporate social responsibility, proper returns handling helps to create goodwill, and protect the environment. Also good returns management helps to comply with regulations on warranty and especially EU directives on producer responsibility (e.g. WEEE directive).

CUSTOMER VALUE

Customers increasingly expect proper returns policies as a part of a total service. This concerns the end-of-life returns under producer responsibility but also consumer and warranty returns. Moreover, reverse logistics is needed for replenishment of consumables, which generates revenue.

SOURCING VALUE

Manufacturing and re-manufacturing are an integrated process, in which reverse logistics acts as a supplier for the production department. Recovered components and modules are put back on the market 'as good as new'. Also the service department uses recovered spares instead of new ones. Economics savings are huge.

INFORMATION VALUE

Returns are the mirror of the forward supply chain. Mistakes in sales actions, design failures or wrong incentive schemes become visible through reverse logistics.

Manufacturers and retailers make every effort to bring their products efficiently to the market, but so far they spent little time to returned goods. Outsourcing in reverse logistics is high on the agenda. Research of RLA and MGH Consulting shows that the market potential is enormous.

The goals of the survey are:

- to benchmark and compare volumes and reasons of return for different types of returns across different industries.
- to identify how returns are handled and how to add value.
- to identify which RL services are needed now and in the future by customers, i.e. OEMs and retailers.
- to identify which RL services are offered by 3PSPs now as well as which new services are being developed for the future.
- to analyse gaps between customers demand (OEM/retailers) and services (to be offered; hence new market opportunities for 3PSPs.



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TECHNICAL TRENDS

L. Bryant Underwood

A Primer on becoming a Government Contractor or Yes, I think I would like some of that

When the topic comes up that I work for a Defense Contractor there are a suite of comments and jabs that I often hear. Then inevitably the conversation will turn to ‘the question’. It goes something like this-‘hey, I was wondering how would one go about doing business with the government or a defense contractor...?’ Clearly these are tough times and everyone I know is looking for a way to grow into some new market. Maybe the government is for you? Let me share with you my personal take on becoming a contractor to the US government.

Regardless of what anyone says to the contrary it is not impossible or crazy to want to do business in with the government. There are many positive outcomes from having this opportunity be a part of your business. What most are interested in is the stability. Having a section of your business

that has stable income to help cover fixed costs is powerful. The wheels of government grind slowly, but they do grind and they do pay. Clearly everyone requires you to provide value-even the government. However, you will typically not be required to face the same competitive pressures you would in most commercial markets. For most government work the quality of the product is paramount-dead broke companies tend to not delivery good product, on time. Most government opportunities will be structured in a way with price targets that will drive success. Over time you will find you can make a reliable modest and consistent level of profit.

Some key points to consider. First to succeed in doing business with the government, it is critical to get started. That may sound obvious, but the point is this. Doing business with the

government is very, very complex. The key governing regulation we consult for our work, is a little US publication called “The FAR” (federal acquisition regulation). The most recent copy I tested my strength to lift was only ~1800 pages of pure non-poetic prose. Because of the complex nature of doing business, getting started on any level will help you learn the correct things to pay attention to regarding success in the relationships and will also help give you a suite of contacts that can mentor you. In addition the government solicits specific obligation from large business it contracts with. These obligations set targets for spending with supplier partners that have specific socioeconomic classifications and locations. To meet these obligations most large contractors have groups that will mentor and work with target suppliers to help you become successful.



Then there is the term “Government Contractor” that’s not really the right term to use and definitely not the place where a new business starts out. When we say Government contractor, we typically are referring to the prime contractor. Think great big airplanes and billions of dollars. What you are really targeting to become is a sub-contractor for a prime. Or even a sub of a sub... So now that you want to be a sub-contractor, what is your product? Well it can be anything, because there are no limits to what some section of the US government buys somewhere. From my experience the areas of sub-contracting where RL reader will find the greatest traction are:

- Service and repair
- Cable and Harness build up
- Engineering Services
- Transportation, warehousing and logistics
- Metals fabrication and assembly
- Machining and Casting
- Waste processing and recycling

Next step is get you company nomenclature aligned. The government culture has an entire language that will be baffling, at least at first. For example, a key issue prime contractors struggle with is ‘contract definitization’. My spell checker does not think this is a word, but I assure you

contract definitization is a very real issue. It relates to contract sections for performance being released before other elements (usually price) are fully defined. Another new word to learn-CAGE Code. One of the first things your business must have is the assignment of a “Commercial And Government Entity (CAGE) code. This code then updates your “Trading Partner Profile (TPP)”. You get all of that from Central Contractor Registration (www.ccr.gov). Before you logon and attempt to become a registered contractor, you will need some information.

- Business ownership and structure/ incorporation
- Banking information
- Tax payer information
- Business NAIC code and DUNS number

With that information at your side, a cup of coffee (or iced tea) and 45 minutes, should get you started to becoming a real government sub-contractor.

Last point of advice that I would give you personally are two fundamental thoughts to keep in mind. Be aware of the power of your location. Being near to the prime contractor is a huge benefit. It makes the inspection/

quality process much easier, your turn time will be much faster and your costs will be lower. I would also strongly encourage you to not bid on any work as a sub-contractor that you cannot cashflow for at least six months. This type of work can be very slow paying at times. The last thing you want is to complete some work and then be calling for payment. Not good form to communicate the strength of your company into this new offering. After you win a few bids and have some experience regarding your Customers’ pay cycles you can adjust your cash reserves

This is not meant to be a definitive guide, just an appetizer to get you started. Any web query will provide tons of information you can use to further your awareness and success. Get your CAGE Code, and get started.

RLM



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Returning Thoughts

Reverse Logistics Outlook and Challenges for 2010

Despite an economically challenging year, a lot of progress was achieved by Reverse Logistics professionals in 2009 to mature, understand and improve our industry. Especially noteworthy, were the great leaps by third party Reverse Logistics service providers (3PSPs) with new and better outsourced service offerings, likely prompted by a recessionary environment and a need for their customers, the manufacturers, to monitor costs much more closely.

So what lies ahead for the year of 2010? To find the answer to this I interviewed a number of Reverse Logistics executives and have assembled the key topics that recurred in many of my conversations. Interestingly, the focus continues to be on many of the key Reverse Logistics issues we all know and love, but many of these recurring issues are maturing and evolving to new levels.

1. REDUCE RETURNS

When I started in this industry over ten years ago, the primary focus for most returns handling departments was on managing warranty and defect returns. While these defective returns still remain, many Reverse Logistics managers have now also been tasked with the important task of handling of retail returns which are typically higher in volume and for some industries like electronics and consumer goods, the returned products are in valuable resalable condition with a NTF (No Trouble Found) rate that can reach 80% or 90%.

For 2010, retailers and manufacturers are continuing to work together much more cooperatively to reduce store returns by finding ways to improve the customer experience, both before making a purchase and after opening the box at home, with a goal to reduce the number of products returned at the store level.

Manufacturers are also working cooperatively with retailers to negotiate an allowance in lieu of returns. This reduces handling, turn around time and logistics costs. Additionally, this creates an opportunity for third parties who

specialize in the resale of open box items that will result in higher value recapture.

2. INCREASE VALUE RECOVERY

As the market has been maturing, there are a lot of sophisticated partners, options and channel alternatives to resell processed or unprocessed returned goods. More manufacturers are realizing that a huge contributing factor in recapturing a higher value is the ability to process and sell the returned goods quickly. More emphasis on disposing of the goods locally or working with the local retailer who has the returned goods, can help speed the value recovery and increase the amount of cash recaptured (not to mention the reduction in logistics costs and the related transportation carbon footprint). Speed and working locally can net your company a higher profit and provide your CFO with a few pleasant surprises for a change.

3. GLOBAL REVERSE LOGISTICS PROCESSING

Many manufacturers are working hard this year to roll out their Reverse Logistics programs to their worldwide operations. These initiatives are often providing significant challenges. Many of the global regions are much less capable in key reverse logistics areas such as logistics and technology. The result is large increases in cycle time due to issues such as slower transport, a need to consolidate to reduce higher transportation costs, or slower end to end processing. Other challenge factors include customs, inventory overstock of both defective and replacement items, and the need to understand or report to meet local regulatory requirements.

4. RECYCLING AND SUSTAINABILITY

Corporate initiatives for recycling and sustainability are leading to new requirements and actions for the Reverse Logistics teams. Challenges for this year will be finding recycling partners who can recover value out of product and help the manufacturers reduce the corporate impact or footprint of handling, logistics and separation. Additionally, Reverse Logistics managers need to ensure their

recycling efforts are meeting a myriad of rapidly changing laws and regulations around the world.

5. REVERSE LOGISTICS COST CONTROL

The recession has put downward pressure on manufacturer's margins. However, Reverse Logistics costs are often not easy to reduce. Many manufacturers are seeking opportunities to move portions of their reverse logistics costs to less expensive repair providers or regions.

Additionally, with the volume reductions resulting from the recession, many Reverse Logistics leaders are having difficulty maintaining the solid processes and partner networks that were developed prior to the recession. The challenge will be to carefully manage the infrastructure that was designed for pre-recession volumes, without crippling their reverse supply chain.

In the face of the challenges outlined above, this year promises to be a strong year for Reverse Logistics teams. Senior corporate executives are really starting to understand of the value opportunity available from a well managed reverse logistics operation. Good technology and software is available to process, capture data, measure, monitor, and manage more effective reverse logistics processes. And lastly as the industry matures, there are a lot of very talented reverse logistics professionals available to lead, manage, service or advise on significant improvements for your operations and for our industry. 2010 is shaping up to be a strong year for Reverse Logistics.

RLM

Good luck!



Paul Rupnow - Editor of www.ReverseLogisticsProfessional.com

Also Co-Chairman of the RLA IT Solutions Committee



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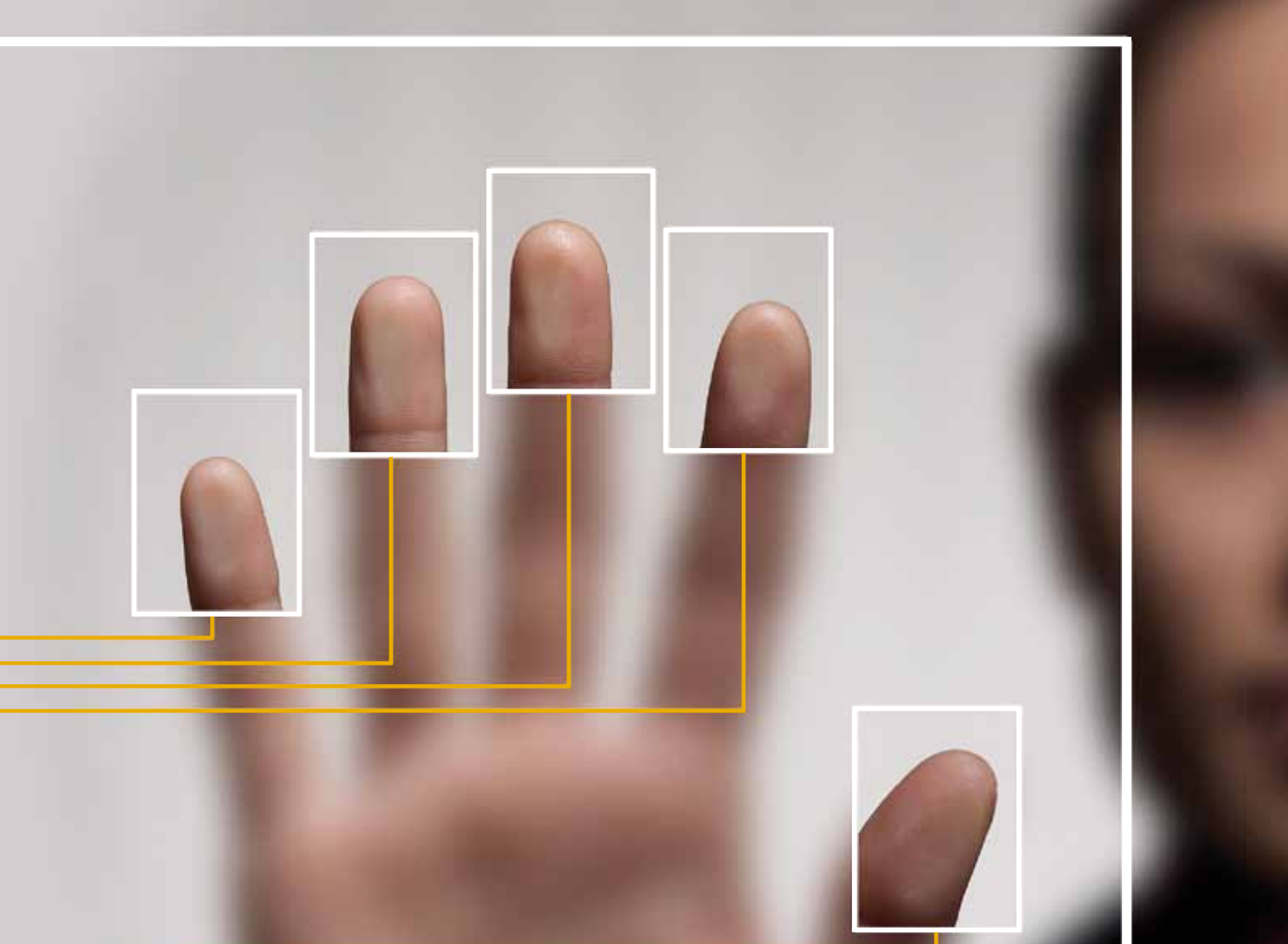
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