

REVERSE LOGISTICS DIGITAL magazine®



Lesson In Spare Parts Planning -
The Supreme Importance of
Avoiding a False Start
Page 10

Standards Committee -
Standardizing Warranty Data
Page 34

Operation as a Reverse Logistic Solution
and Why Today's Non-Profits Must
Operate Like a 3PL
Page 22



REVERSE LOGISTICS magazine®

Rubina Farooq - Director of Reverse Logistics for
LG Electronics USA
James Helles - VP of North America Supply Chain



LG Electronics Reverse
Logistics Supports Retail
Partners, Enhances
Customer Experience -
Page 16

Edition 24



**RL Magazine Goes
all Digital all the
time - page 10**

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CONTENTS

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



RL Magazine will publish 12 issues annually — 12 new digital editions!

Video Article



RLA Rewound
by Reverse Logistics Manager

This months RAL Rewound segment will feature Ray Glynn

Page 24

Articles



Can collaboration give you both better control and better profitability?
By Lars Ringsby

“Globalization and the much tougher competition that comes with it has radically changed the way businesses operate. Welcome to the era of business collaboration!”

Page 12



Competing and Reversing Revenue Loss with Aftermarket Services
by James Patrican and Kathy Kirk

Reverse logistics costs typically are spread throughout the organization or hidden among various business functions.

Page 20



Avoid Embarrassing Questions About Your Supply Chain

By Rahul Dhingra

The CEO of a global automotive manufacturer was giving a press conference at the Geneva Car Show in March 2011, when reporters asked him for comments regarding the news that their competitor had just purchased a stake in a key supplier. The CEO replied that he did not know about it;

Page 31

Features

Message from the Editor	4	Industry Events/Jobs	16
Message from the Publisher	6	Money Talks	26
Advisory Board	7	Focus Committees	27
Industry Committees	8	Read the Press	30



Message from the Editor

In 2008 my cousin and I decided to tour Europe following the RLA Conference & Expo in Amsterdam. After touring France, Italy, and finally Spain where we decided to head north from Madrid to Pamplona. We were just in time to participate in the San Fermin, which is more commonly known as The Running of the Bulls. We stayed in a campground outside of town and quickly made friends with the other campers.



While lining up for the bus at the campground to the city center the workers knelt down to my sneakers and duck taped my shoes and ankles. I gave them a raised eyebrow and they said, "Trust us". The opening of the festival is signaled by a rocket that is launched at 12:00 noon by the mayor. Then the party begins! Thousands of people engage in a wine fight, soaking each other with sangria and then tossing the bottles to the ground. After 15 minutes of running around celebrating, the glass was beginning to pile up. I turned the corner and saw two girls being carried out of the town with bloodied feet while holding on to their flip-flops. The glass was everywhere, in piles, loose, in garbage cans and on the walls. That night we got back to the camp to see bandages on at least 25% of the campers, sadly one of our new friends had almost severed a toe. I was all too happy to hug the people who taped my feet. Wow, I thought, I wonder what they do with the glass.

The next day the glass and garbage were gone with no remnants of it. How has so much been removed so fast? I was curious. I wrote to the San Fermin Council to see what the process was. They went on to tell me that during the celebration the glass and garbage are taken minutes later to a disposal site for proper recycling and treatment. The city workers work around the partygoers, unnoticed. It is estimated that the street cleaners collect 66,000 pounds of glass from the main square on the first day alone. It is important to recycle glass because it is 100 percent recyclable. Glass bottles and jars are an integral part of any community recycling program. They can be recycled endlessly without any loss in purity or quality. Also, glass manufacturers require high-quality recycled glass to meet market and quality demands. This recipe includes recycled glass, soda ash and limestone. The more recycled glass that is used, the greater the reduction in energy use. This lowers manufacturing costs and benefits the environment. Raw materials are conserved, and less energy demand reduces CO2 emissions and extends furnace life.

Although we were there to partake in the festivities we were unwittingly involved in a large scale recycling program. It's nice to see that festivals implement reverse logistics for the environment and for their bottom line, which ultimately insures their future. Party on!

Lyndsey Turner, Editor
Editor@RLA.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.

8th Annual RLA Conference and Expo Las Vegas 2012 America's Premiere Reverse Logistics Event

February 6-8, 2012



Over 150 Exhibitors and Sponsors – 1,500 RL Professionals Representing 700 Companies

Make plans now to join us for the 8th Annual Reverse Logistics Conference and Expo on February 6-8, 2012 at the Rio Hotel and Casino.

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

The Expo where 3PSPs will showcase their RL services and solutions.



 **REVERSE LOGISTICS ASSOCIATION®**
CONFERENCE & EXPO



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



Message from the Publisher

The last 10 years the Association has supported its members by providing network functions to discuss the Reverse Logistics Process in a non-sales environment.

The number of networking functions has continued to grow;

- **International Conferences & Expos**
- **Seminars**
- **Workshops**
- **Industry Committees**
 - Apparel, Automotive, Aviation, Food & Beverage
 - Consumer Electronics, Data Storage
 - Medical/Pharmaceutical, Sporting Goods
 - Telecommunications, Wireless
- **Regional Focus Committees**
 - APAC, China, India
 - Brazil, Canada, EMEA
- **Focus Committees**
 - CSR, Sustainability & Environmental Management
 - Extended Warranties, Software Solutions, Standards
 - Spare Parts Management, Retailers

We are an Association of Reverse Logistics Professionals and you decide:

- 1) where and when the events happen
- 2) what topics will be presented
- 3) who the presenters will be
- 4) and who will be invited

I appreciate the support you have shown by attending RLA functions around the world. By judging the level of interest from you our members, we the RLA Staff support these events and functions. We are directed by an Advisory Board that sets the rules and policies.

We hope that you will continue to volunteer and bring your leadership to RLA, because collectively the Association has become a strong, active community with a momentum that teaches “best practices” in the RL Process.

Part of the support that allows us to schedule functions all over the globe is your participation in the RLA Committees. Your commitment to building the Association has allowed us to rely on every member. We thank you for building a platform where RL Professionals can meet.

In our commitment to giving you the greatest opportunities for professional development, RLA now provides certification as a Reverse Logistics Professional, Reverse Logistics Manager (RLM) and a Reverse Logistics Trainer (RLT).

Sincerely,

Gailen Vick
 Publisher & Executive Director



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:



Jack Allen – Scientific Atlanta, a Cisco Systems company

Jack Allen currently serves as Director of Global Supply Chain Processes at Scientific Atlanta. In his role, Jack is responsible for the creation, development and performance of Scientific-Atlanta's supply networks in the United States and internationally. His leadership and commitment to the recent success of several product and distribution center transfers, the development of a cross functional supply chain team and the development of an integrated forecasting/production planning/procurement supply chain planning process resulted in the improvements in Scientific-Atlanta's supply chain and significant annual savings for Scientific-Atlanta.



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 Director of Reverse Logistics Programs and Policies for Microsoft Devices. In his position Edwin is responsible for development and enforcement of policies surrounding returns and 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.

Prior to working for Microsoft Edwin worked for Jabil Global Services as the Director of IT Solutions, where he worked with various teams on the proposal and implementation of reversed logistics services for various companies at the Jabil factories around the world.



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.



Bernie Schaeffer – Motorola

Bernie Schaeffer is corporate vice president of Post Sales Support for Motorola Mobility. His global organization is responsible for providing both in- and out-of-warranty repair services to both consumers and carriers, provides consumer support services through call center, web access and on-device solutions, is the fulfillment engine for 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



Industry 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. Industry 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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- Terry Power, Canadian Tire Corp. Ltd.
- Craig Sultan, The Home Depot

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- Apparel
- Appliances - White Goods
- Aviation
- Household/Small Appliances
- Home Improvement
- Marine Electronic Equipment
- Notebook/PC
- Office Equipment
- Photographic & Optical Equipment
- Televisions & Display Devices – Brown Goods

Join today at www.RLA.org

Focus Committees & Regional Focus continued on to page 27



IMPORTANT ANNOUNCEMENT - RLA MAGAZINE GOES ALL DIGITAL ALL THE TIME



**REVERSE
LOGISTICS**
ASSOCIATION™
MAGAZINE

It is estimated that a magazine with a circulation of around 100,000 would use paper equivalent to 3 1/2 elephants in weight, or about 30 tons. If that magazine was published 6 times a year, that would be the tonnage equivalent of 21 elephants a year. It has been estimated that U.S. magazine production uses 2.2 billion tons of paper per year and that only about 5% of magazine paper has recycled content and about 20% of magazines are recycled.

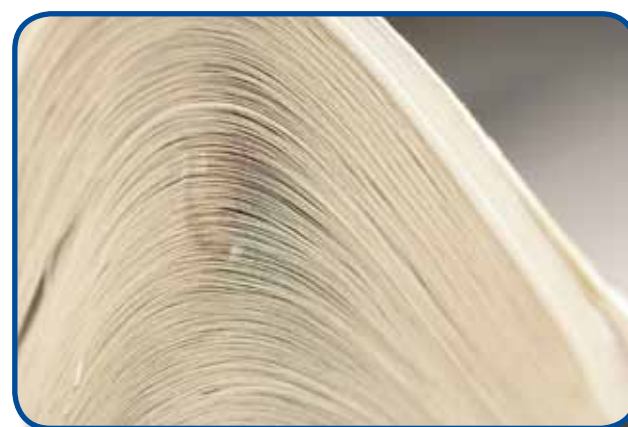
Taking that information into consideration, along with the fact that the digital version of Reverse Logistics magazine has been so successful, we have made the decision to reduce the size of our carbon footprint by making the Reverse Logistics magazine all digital. We will continue to publish every month, only each edition will be all-digital.

In addition to the above, we decided to go digital for the following positive reasons:

All our digital magazines are archived on our www.rlmagazine.com site for future reference. That means that if you advertise with us, those ads keep on selling when members pull up earlier editions. Our magazines are interactive, so ads you place can provide links for instant access. Additionally, we will be looking at the potential of adding animated ads to further enhance the story for your products and services. We will always be at your fingertips. You don't have to search through drawers or files of paper for Reverse Logistics magazine. Just go to www.rlmagazine.com. Our ads will continue to be competitively priced and we will continue to provide you with the most bang for your buck.

As an association with many high tech members, we strive to continue to work toward maintaining a state of the art association. We feel this change continues to take us in that direction.

Lyndsey Turner - Editor, RL Magazine



Can collaboration give you both better control and better profitability?

By Lars Ringsby, Senior Vice President of Business Development and Acting Vice President of Procurement Solutions at eBuilder:

“Things aren’t what they used to be, and that can be for better and for worse. But there is no doubt: today things are different! Globalization and the much tougher competition that comes with it has radically changed the way businesses operate. Welcome to the era of business collaboration!”

RLM: Can you explain what you mean by “the era of business collaboration”?

LR: My pleasure. Let’s take this example: in the early days of the industry, auto makers produced almost all the auto parts themselves apart from the

tires and head and tail lights. Today, most auto components are manufactured by specialized suppliers and only assembled by the auto maker. Specialization yields higher productivity and lower costs per unit. Specialization grows out of companies focusing on their specific “core competencies” and

relying on others for their specific core competencies. So in this way, specialization has forced us to collaborate. Businesses today must deal with this need for collaboration in one way or another.

RLM: What are the most important consequences of this shift?

LR: I would say: the question of control. Early auto makers had almost total control over their business because almost everything was done “in house”, perhaps 95% of the value adding activities were performed by them. Today specialization for an auto manufacturer (and many other businesses) means 80% or more of the value adding activities are carried out by collaborating business partners (a value network). It was difficult to control activities when “in house”; so how then do you control them when 80% are done by a value network, that is, outside your own company? And how do you deal effectively with this vastly increased complexity introduced by the need to work closely with multiple enterprises?

RLM: Complexity and multiple collaborating enterprises..., how do you tackle these issues?

LR: I guess I should answer and elaborate on my own questions: Control in an early manufacturing industry was carried out by a large hierarchy of managers, covering

every aspect of the end-to-end process (which, again, was “in house”). Today, a value network of collaborating businesses rests on contracts, prices, KPIs, SLAs, etc. Believe it or not, you can control it and optimize its efficiency.

First, you seamlessly integrate all the value network participants and their relevant systems (financial, ERP, HR, etc.) end-to-end so they can communicate electronically. This enables the flow of the desired information and files etc.

to be automatically transferred throughout the network; it gives all parties access to the same master data; and it enables the sharing of critical real-time data about activities being performed across the value network.

You automate and optimize the operation of the value network by basing its processes on highly flexible business rules and logic that steer the most of the operations involved. Manual interventions are of course still possible.



REVERSE LOGISTICS MANAGE RETURNS BETTER



www.dhl.com | 877-272-1054 | consult.americas@dhl.com

DHL offers a full suite of services for returns & repair programs. Our solutions allow you to optimize the reverse supply chain for improved efficiency.



You make visible the performance of the network via interactive dashboards that present critical data at the strategic, tactical, and operational levels to authorized personnel. You can concentrate on your core competencies, AND you gain control of the entire end-to-end process—you see if your partners perform according to agreed upon SLAs, you see which KPIs are being met.

What you achieve is a value network that is highly integrated, automated, and visible, in other words, highly efficient (and it can operate 24/7). This means lower costs, and improving the bottom line is always welcome.

RLM: *Can you relate this to*

procurement, one of the focus areas of our readers?

LR: Sure, let's look at a few important aspects of what this type of collaboration can do for procurement/purchasing. Here you would want to integrate your purchasers with your suppliers and the relevant IT systems on both sides. Once that is in place, you would like functions that manage "master profiles" that contain definitions of your organization's hierarchy, cost centers, managers, administrators, and chart of accounts. I would say you also want functions that manage agreements/contracts, automatically verify price lists, enable product comparisons and efficient article selection, and

functions that handle verification of deliveries. And you would like online delivery reports based on original orders, order confirmation, dispatch advice, and manual receipt of goods. It is essential to be able to process any type or format of invoice; and to have the accuracy of invoices, including article-level matching and matching with relevant contracts, verified automatically. Finally, you want to complete the end-to-end process by automatically exporting the accounting information to the organization's financial systems.

RLM: *Can you do a similar analysis for logistics, our other focus area?*

LR: Of course. Let's look at a broad overview of "collaborative" logistics. What you would like is to integrate, among others, order management, suppliers/manufacturers, distribution centers, carriers, warehouses, service centers, and service providers. Once they are integrated, you would like to be able to manage orders from receipt through validation and sourcing; and then monitor picking, processing, packing, and then dispatch, transport, and receipt—an end-to-end process flow. Strategically, you would like Business Intelligence functions to manage global KPIs and SLAs, follow trends, and analyze bottlenecks. Tactically, you would like visibility across the whole process, together with interactive dashboard display of exception warnings as they occur (based on SLA time or condition based), including the ability to drill down to the specific carrier, hub, or service center, etc. Operationally, you would like automated management of the flow, information content, and information validations that include all entities, their process, events, and states. This should be visible in drilldown dashboard displays. Finally, wouldn't it enhance your performance, for example, to have automated processing of orders into shipments based on configured routing, carriers, and rules, including the creation of required shipping documents and electronic bookings for the integrated carriers? Finally,

efficiency would be further boosted by optimization of the path through the process based on configured business rules.

RLM: *How would you like to wrap up this discussion?*

LR: Let me conclude by reminding you that today our highly competitive business environment has driven specialization to levels that we never dreamed of. This in turn has made it necessary to collaborate on a vast scale, don't forget we are talking about a globalized business arena. The functionality I've mentioned can be provided by a number of world-class providers. I'm proud to say that eBuilder provides it (and much more) in what we call Cloud Processes. We host them in the Cloud (Internet) and provide state-of-the-art security and robustness. No initial investment. You can be up and running in as little as eight weeks, and you pay as you go. Learn more on our website: www.ebuilder.com.

RLM



Lars Ringsby manages business development for eBuilder's long term strategic offerings. He is

currently acting vice president for eBuilder's Procurement Processes. Lars has more than 30 years of experience in running large-scale projects,

product management, sales, development, and operations. Lars has management experience from global software and technology companies offering enterprise-level solutions, as well as experience in running the solutions on the purchasing side. Prior to joining eBuilder, Lars was head of Business Development and Sales for Telia Electronic Commerce (a TeliaSonera company), a provider of eServices (B/B and B/C) for the private and public sectors. He has served as vice president of Frontec AMT, where he was responsible for key accounts and the development of purchasing services globally. Before joining Frontec, Lars was vice president of Stora Enso Purchasing and Transport, acting as CFO and responsible for global business development. He was also a member of Stora Enso's Purchasing and Transport board of directors. Lars has been the chairman of the PAPINET organization and a member of the Western European EDIFACT board. He is currently a board member for a master's program of business meeting management. Lars received a master of science in mechanical engineering (special focus: material management) from the Institute of Technology at the University of Linköping, Sweden, and holds further qualifications in purchasing, negotiations, marketing, and sales.

Industry Events



RLA Seminar - Toronto

July 18, 2011

http://www.rltshows.com/tor10_event.php

RLA Conference & Expo – Singapore

September 26-28, 2011

<http://www.rltshows.com/singapore.php>

Escrap Conference - Orlando, Florida

October 5-6, 2011

<http://www.e-scrapconference.com>

RL Job Board

Arrow Electronics

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<http://www.reverselogisticstrends.com/careers.php?member=e2e322ec94862e9e45b4fc2951fed25d>

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Reverse Logistics Association

- Account Manager
- Accounting & Registration Manager
- Administrative Assistant
- Seminars Manager
- Web Development/Database IT Support Manager

<http://www.reverselogisticstrends.com/careers.php?member=e1314fc026da60d837353d20aefaf054>

Test Technology Inc

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RLA SÃO PAULO, BRAZIL 2011 RECAP

SUCCESS AT LATIN AMERICA'S LARGEST REVERSE LOGISTICS EVENT!

The Reverse Logistics Association held its Second Annual 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 150 registered attendees and over 100 companies represented! Companies like Azul Airlines, Dell, Motorola, Cisco, Overstock.com, Philips and Acer 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 3rd Latin American Conference next year!

HIGHLIGHTED SPEAKERS



Andre Luiz Pereira Professor, FUMEC University Author of 'Reverse Logistics and Sustainability', published by Cengage Learning.



Nick Patterson, Senior Operations Manager Challenges in Global & Regional Partner Strategies



David Novak, Director International Strategic Relations Managing Third Party Service Providers



KEYNOTE ADDRESS DISCURSO DE ABERTURA

JOHANNES CASTELLANO,
CHRO, Azul Brazilian Airlines

The Azul Airlines Success Story A História de Sucesso da Azul Linhas Aéreas

RLA was excited to host Johannes Castellano of Azul Airlines as this years Keynote Speaker. Johannes specializes as a Business administrator, with extensive experience in strategic planning, specializes in human resources management, compensation, skills and evaluation of human potential. Over 21 years of career in consulting, participated in more than one hundred projects, solving varied business projects.



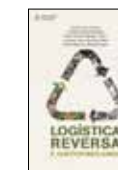
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Logística Reversa e Sustentabilidade



Competing and Reversing Revenue Loss with Aftermarket Services

by James Patrican and Kathy Kirk



This is an archive cover article from Edition 18. We feel that this content is not only still valid but important as well. From time to time we will republish important articles. Enjoy!

At a time of weaker market demand and falling revenue, an opportunity to aggressively cut costs, generate additional revenue, differentiate market position and support original product demand is sitting right in front of many companies.

Great interest in reverse logistics has been piqued with estimates that in the U.S. alone, the outlay for reverse logistics adds up to around 1 percent of GDP, roughly \$142 billion in 2008. This can be considered a conservative estimate since reverse logistics costs typically are spread throughout the organization or hidden among various business functions.

Within specific industries, reverse logistics activities can be critical for the firm. The high-tech industry is a good example. In general, it is reported that consumers bring back between 11 percent and 20 percent of all the electronic goods they purchase, with the highest return rates for wireless phones, GPS

units, MP3 players and wireless networking gear. In 2008, Wall Street Journal reported that the US electronics industry spent about \$13.8 billion to re-box, restock and resell returned products. Among reasons for return, 68 percent of returns are because consumer did not understand the product, 27 percent of returns are within 48 hours and due to buyer's remorse and only about 5 percent of returns were of truly defective product.

Reverse logistics has always been the concern of OEM manufacturers, including high tech product makers, and electronics retailers. In the face of these challenges and tough economic times, leading-edge companies are now recognizing the

strategic value of having a reverse logistics management system as an integral component of retailers' and manufacturers' profitability and competitive position.

The following are some "must do's" with regard to aftermarket planning and execution.

MANAGING REVERSE LOGISTICS IN TOUGH ECONOMIC TIMES

Better product & packaging design and customer support to prevent returns

Companies can make some simple, low cost and easy-to-implement changes to product design and packaging with great impact on the return reduction. Often a very small amount of returns are truly defective products, most of the returns of high tech and electronics returns could be preventable as many buyers do not understand the basics of electronic products such as HDTV. During 2007-08, as the demand for HDTV grew exponentially due to maturing technology and slashing costs, the number of returns also reached an unsettling level due to consumers' lack of understanding of HDTV. There is shocking number of people who buy an HDTV set and never subscribe to an HD service. In some areas, as many as 2 in 10 HDTV sets purchased were reportedly returned to retailers for reasons not related to product defect. Currently the return rate for HDTV stands at average of 10 percent. By understanding the potential issues or blind spots of consumers, companies can do a better job reducing random purchases or returns by providing information on both the inside and outside of box giving warnings,

explaining the use of product, providing the supplemental, compatibility and installation requirements.

As an added measure, companies can also improve contact center agent awareness of potential issues with each product and provide information to support the customer that is aimed at reducing returns before they occur. Some user friendly procedures are:

- Simplified and graphical instruction on installation
- Improved product design
- Personalize product by providing engraving service
- Preloaded installation software
- Added services and free advice to help in the set-up of big ticket items

Companies adopting these practices have seen significant reduction of returns and cost of reverse logistics.

OUTSOURCING OPTIONS

In the slow economy and contracting demand environment, it is an excellent time for companies to consider outsourcing their reverse logistics operations to service providers. This will not only help companies minimize in-house IT investment and conserve critical cash flow, but also take advantage of economies of scale and specialized expertise in planning reverse logistics operations.

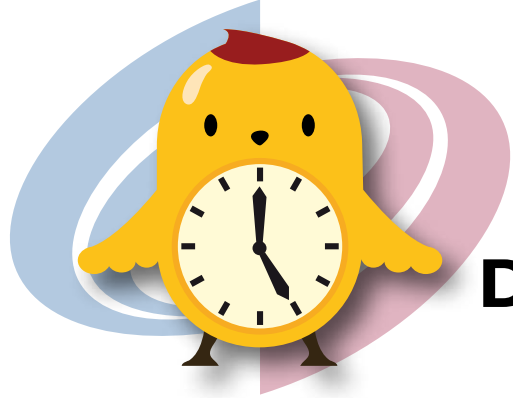
For companies that have already outsourced their reverse logistics service to 3rd party service providers (3PSPs), this is also the time to re-

negotiate or evaluate other 3PSPs who can offer more cost effective or improved service that can help minimize inventory and logistics costs to generate new sources of revenue.

Companies will also be able to benefit from service providers who not only provide physical distribution, but also the data collection and synchronization capabilities that tie directly into the customer's accounting systems and business intelligence (BI) database. By utilizing 3PSP service providers, high tech companies will realize multiple benefits such as improved shipment visibility, transit time reduction, a more scalable logistics cost model and the ability to leverage best of breed providers for different areas of logistics.

STREAMLINE REVERSE LOGISTICS OPERATIONS

Companies could cut substantial cost and improve operation efficiencies of reverse logistics processes by standardizing and streamlining return and RMA processes. Companies should leverage the internet to provide robust customer self help and product usability support, handle return requests and RMA authorization and provide real time tracking of return, repair and replacement status. A rigorous web-based rules-driven avoidance management and gate keeping RMA process is essential to reducing costs in reverse logistics operations. Companies can train customers and staff to adhere to the process and policies without compromising the level of customer service.



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Another area of focus is streamlined disposition policies and process. Due to strict norms pertaining to the disposition of goods in the high tech market, there is a huge cost associated with proper disposition and recycling of returned products to minimize harm to the environment. In addition, companies are at high risk of these products making it to the grey market and eroding their competitive advantage. Top companies establish clear and uniform policies and procedures to govern the disposition of returns.

For products with minimal environmental risk, some companies leverage shipper/carrier insurance coverage to minimize cost, maximize return on investment and improve customer service. They adopt the practice of having consumers dispose the damaged goods without taking it back. Overstock.com gained scores of enthusiastic customers by simplifying the refund /replacement process without having customers ship back the bulky items. However,

they transfer the cost to the shipper via insurance policy.

Companies must adopt the following best practices:

- Implement an IT Asset Recovery process for reusable parts and recycling
- Determine internal consumption of parts after repair
- Reuse parts in their manufacturing line
- Evaluate and simplify return policies and practice based on risk and return on investment

AUTOMATE THE RETURN PROCESS

One way to streamline the operation and improve visibility is to implement an automated web-based returns management system integrated with an ERP system. The end-to-end automation and integration can dramatically reduce the number of calls to live contact center support or unnecessary pre-printed return labels. Another area is to automate data gathering

and processes, including warranty validation and tracking. Automation plays an important role in reducing the cycle time of the entire reverse logistics process and hence the overall cost. Automation also helps gain visibility into the overall returns process as it enables 'real-time' tracking thereby improving asset recovery and customer service.

REVERSE LOGISTICS FORECASTING AND PLANNING

Implementing robust forecasting and planning for reverse logistics can seem like a complex task but organizations can reap huge benefits from improved demand visibility, inventory planning, staffing utilization and cost reduction. By integrating transaction processing, planning and ERP systems, companies can use detailed historical return information to provide forecast and planning for reserves. The reverse planning process also requires the cross-functional participation from sales, marketing, operations and customer support groups.

DEDICATED AND INCORPORATED REVERSE LOGISTICS NETWORK PLANNING

Most companies focus network planning on forward logistics. As the size of reverse logistics increases, the need for effective network planning that accommodates the unique requirements of both forward and reverse logistics is highly recommended. Organizations can improve operational efficiency and avoid competing priorities by implementing a dedicated and centralized returns management process and logistics network planning approach that is independent from the forward supply chain. Effective logistics and truck route planning could help companies better utilize transportation systems and reduce fuel costs. The separation of returns logistics from the forward distribution in different facilities enables companies to have more streamlined processes to manage all issues related to reverse logistics.

Some companies also customize reverse logistics processes around each product coming back into the supply chain. For example, game hardware versus software requires uniquely different return and disposition processes.

LEVERAGE BI ANALYTICS

Understanding why a product has a high return rate will be critical to improve the product design and delivery process so that returns can be minimized.

There is a wealth of data collected through service event and reverse logistics process. Best performing

companies are looking to make better use of the data that they are generating out of their reverse logistics processes. Companies are implementing business intelligence (BI) capability or effectively leveraging their BI capability to capture and analyze data and information associated with return process. This information is subsequently shared across functional areas, especially engineering and design and customer service centers. BI will enable companies to:

- Identify product design defects
- Analyze product failure for trends
- Improve product design
- Develop additional support services
- Train Support Technicians
- Improve customer support and service
- Deflect the returns
- Determine value of customer
- Capture additional revenues through cross sell and up sell opportunities.

Additionally, leveraging BI analytics and information sharing can provide high tech companies the competitive edge in improving product design, gaining market share, identifying hidden costs and generating additional revenue streams.

THE ROAD AHEAD: AFTERMARKET -NOT AFTERTHOUGHT

To succeed in a recessionary environment, it is critical for companies to view aftermarket services as a source of growth and to invest accordingly. In addition

to helping drive efficiencies and accelerate business activities, it can also serve as one of the last frontiers where waste can be squeezed out of the supply chain process and financials can be improved.

RLM



James Patrican is Director of Supply Chain Management at Tata Consultancy Services. He has

more than 30 years of experience in supply chain management for Fortune 150 companies. He is responsible for developing and implementing global supply chain in consumer goods, high technology, defense and pharmaceutical markets in North American, Europe and Israel.



Kathy Kirk is Senior Manager of Supply Chain at Tata Consultancy Services. She has more than

20 years of cross industry and functional experience in business transformation, strategic planning, integrated supply chain strategy and SCM processes. She holds a MBA from the McCombs School of Business, University of Texas at Austin.

Tata Consultancy Services is an IT services, business solutions and outsourcing organization that delivers real results to global businesses, ensuring a level of certainty no other firm can match. Founded in 1968, TCS serves more than 965 customers with IT and IT-enabled services across 142 offices in 42 countries.



RLA REWOUND

RL Professional of Interest: Ray Glynn, President of Cavalry Sales and Marketing

Ray Glynn has attended Personal Computer” and 20 years in management technology industry “5MB Winchester Drive”. roles that span all channels events going all the way Technically educated by of the market including back to the 1982 West The Catholic University, retail, manufacturing, Coast Computer Fair in USC and the USAF, Ray distribution and reverse San Francisco , where he recognized the potential of logistics. These days, as attended a seminar on the the burgeoning technology President of Cavalry Sales and Marketing he uses his soon-to-be-released “IBM industry and has spent

wisdom and experience to enable companies like HP, Microsoft and Walmart to increase their profitability by brokering design, manufacturing and aftermarket service solutions on behalf of manufacturing and logistics organizations across the globe.

“I started Cavalry because my experience, contacts, and skill set are just too broad to be completely useful in any one organization and I teamed up with other experts who are equally well-qualified.” says Ray. “By providing independent business development services to a variety of technology-oriented companies, we attain a synergy that helps clients of all kinds extend their reach, increase their visibility, and ultimately make more money.”

Ray has led International projects across Europe , Asia and the Americas

with clients and business partners that include Revonate, Flextronics and Elcoteq. His efforts have yielded revenue generation in the hundreds of millions of dollars for his clients and platinum status for himself with several travel providers. As a highly driven business development executive that excels at planning, negotiating and managing sales teams, Ray specializes in creating strategies that exceed client goals. Besides seeing new customers benefit from Cavalry’s expertise, Ray also enjoys seeing some of the cutting-edge new technologies they are developing. “I’ve been a technology geek all my life,” he says. “I bought a CD player when there were only 3 CDs available on the open market in the whole world, and my favorite part of the parent-teacher conference is when the teachers tell me how much they appreciate my kids troubleshooting

capabilities with the computers.” In his off time, Ray likes to play golf with his son, guitar with his daughter, cook with his wife and build furniture in his woodshop. “To me, the most significant new technology of the last 20 years is my compound, laser-guided miter saw. But the Internet runs a close second.”

Ray resides outside of Dallas , Texas with his wife, two children, two dogs, a flock of exotic chickens and a marginally successful vegetable garden. The Glynn Family motto is “Think Global – Eat Local”.



Ray Glynn, President of Cavalry Sales and Marketing

Ray can be contacted at: rglynn1@verizon.net • www.calvary.com



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Money Talks



Arrow Electronics Keeps Up Buying Binge

<http://www.investors.com/NewsAndAnalysis/Article/572830/201105201430/Electronics-Distributor-Adds-Products-Expands-Geographically.aspx>

Astea Reports Profitable First Quarter 2011 Results

<http://www.astea.com/en/news-events/press-releases/5-12-2011-astea-reports-profitable-first-quarter-2011-results/page.aspx>

Flextronics Reports Fourth Quarter and Fiscal Year 2011 Results

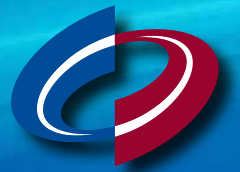
http://news.flextronics.com/phoenix.zhtml?c=235792&p=irol-newsArticle_Print&ID=1555589&highlight=

Arrow Electronics Reports Record First-Quarter Results

<http://investor.arrow.com/phoenix.zhtml?c=85834&p=irol-newsArticle&ID=1555195&highlight=>

Brightpoint Reports First Quarter 2011 Financial Result

<http://cell.client.shareholder.com/releasedetail.cfm?ReleaseID=573050>



REVERSE LOGISTICS ASSOCIATION SEMINARS

RLA SEMINAR BENTONVILLE, AR 2011 RECAP



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This year's Bentonville Seminar was a huge success highlighted by a facility tour of the Walmart Returns facility and two RLA Committee meetings. The Seminar featured presentations on Return Trends & Sustainability from Chuck Johnston of Walmart, and Returns Reduction from Derek Wishart of Canadian Tire. There was also a panel discussion on Returns Management – Best Practices and Next Generation Programs with Pam Rapp of Walmart, Rubina Farooq of LG, Derek Wishart of Canadian Tire, and David Vehec of Genco ATC, moderated by Tony Sciarrotta of Philips. After the Seminar attendees enjoyed a mix and mingle opportunity at the hotel/conference center. Everyone who attended the event walked away with a greater knowledge base and deeper insights into issues and possible solutions available to reverse logistics professionals. The event will be held again next year around the first week in May. For more information go to rltshows.com.



HIGHLIGHTED SPEAKERS



Charles Johnston - Senior Director of Reverse Logistics

Return Trends and Sustainability



Derek Wishart - Manager, Reverse Flow Programs

Returns Reduction at Canadian Tire



Tony Sciarrotta - Senior Manager, Asset Recovery

PANEL DISCUSSION: Returns Management – Best Practices and Next Generation Programs



Pam Rapp - Director, Return Center Support



Rubina Farooq - Director Customer Operations



Derek Wishart - Manager, Reverse Flow Programs



David Vehec - Senior Vice President



During the breaks two of RLA's Committees got together on site for their committee meetings

Retail Committee Meeting



Consumer Electronic Sub-Committee: Green Tech Meeting



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Important Announcement - Reverse Logistics Magazine

24 May 2011-It is estimated that a magazine with a circulation of around 100,000 would use paper equivalent to 3 1/2 elephants in weight, or about 30 tons. If that magazine was published 6 times a year, that would be the tonnage equivalent of 21 elephants a year. It has been estimated that U.S. magazine production uses 2.2 billion tons of paper per year and that only about 5% of magazine paper has recycled content and about 20% of magazines are recycled. <http://www.reverselogisticstrends.com/shownews.php?id=8538>

Retail trends impact manufacturers and suppliers

24 May 2011-For those manufacturers and suppliers who use secondary distribution as a competitive advantage, the move of retailers to central distribution centres (CDCs) should be cause for great concern - particularly if this is their primary means of achieving margin. <http://www.reverselogisticstrends.com/shownews.php?id=8532>

Next Generation Logistics, Inc. Recognized As Top Green Supply Chain Partner

24 May 2011-Next Generation Logistics, Inc. a leading provider of manage transportation services, TMS Software, and supply chain consulting was recently selected by Food Logistics as a Top Green Supply Chain Partner. The editors of Food Logistics have recognized solution providers that have developed pioneering, innovative and creative products and services to help food and beverage customers achieve sustainable or "green" goals. <http://www.reverselogisticstrends.com/shownews.php?id=8533>

Smith & Associates Announces CycleIT Asset Disposition Program

Houston, TX-24 May 2011-Smith & Associates, a leader in the electronics distribution market, today announced its CycleIT asset disposition program. Smith's CycleIT program offers customized asset disposition plans that reduce hassle, increase returns, and provide maximum flexibility to customers. <http://www.reverselogisticstrends.com/shownews.php?id=8534>

Sims Recycling Solutions Adds Director, National Sales to Management Team

23 May 2011-Sims Recycling Solutions, the world's largest electronics recycler, today announced the addition of Sean Magann Director, National Sales to its executive team. Sean's primary responsibilities will be to manage all commercial activities related to Sims' large national corporate accounts. <http://www.reverselogisticstrends.com/shownews.php?id=8535>

Indiana wireless logistics firm to expand Fort Worth operation, add 200 people here

18 May 2011-Brightpoint, an Indiana company offering repair and recycling services to the wireless industry, said it expects to shift operations from a Tennessee center to units in Fort Worth and Plainfield, Ind. It plans to expand a Fort Worth facility and add 200 employees by July 31, the company said. A plant in Plainfield will get an additional 100 jobs. <http://www.reverselogisticstrends.com/shownews.php?id=8531>

Brightpoint Announces Relocation of Touchstone Wireless Operations Indianapolis-17 May

2011-Brightpoint, Inc., a global leader in providing supply chain solutions to the wireless industry, today announced that it plans to relocate its Touchstone Wireless operations from Bristol, TN and consolidate the operations into its facilities in Fort Worth, TX and Plainfield, IN. "The actions that we are taking to relocate our Bristol operations will accelerate our efforts to optimize operations, drive efficiencies, lower customer repair costs and reinforce Touchstone Wireless' position as an industry leader in reverse logistics and repair services," stated J. Mark Howell, President, Brightpoint Americas. "While the relocation of the Bristol operations was a difficult decision, it is a necessary step to position Touchstone Wireless for future growth. This decision in no way diminishes our commitment to reverse logistics and repair services. Rather, it solidifies our position as a preferred provider of fully-integrated, end-to-end, supply chain solutions to the wireless industry." <http://www.reverselogisticstrends.com/shownews.php?id=8527>

Distribution Picks Up Slack in Design Chain

16 May 2011-As suppliers find themselves strapped for engineering resources, they've encouraged customers to seek design assistance from the Web or from their channel partners. Distributors, in particular, have been happy to pick up the slack, despite the cost of hiring engineers. Customers now have all constituencies vying for their attention, and the result has been a significant shift of engineering resources and talent into the channel. <http://www.reverselogisticstrends.com/shownews.php?id=8526>

Avoid Embarrassing Questions About Your Supply Chain

By Rahul Dhingra, Senior Consultant at Global Intelligence Alliance

The CEO of a global automotive manufacturer was giving a press conference at the Geneva Car Show in March 2011, when reporters asked him for comments regarding the news that their competitor had just purchased a stake in a key supplier. The CEO replied that he did not know about it; that his company had not been warned in advance. This was embarrassing and left doubts

for stakeholders of the company – wondering what else did this management not know about?

We can imagine the panicked conversations back at headquarters with middle and senior management alike asking: "What are the implications?", "Are we prepared?", "Who is our secondary supplier?", and later, "Could this have been avoided?"

The implications are that the competitor may now control or at least influence the flow of goods and services to the company in this example. The competitor can limit supplies or cut them off entirely and prioritize its own interests in the event of shortages. Through the purchase, a competitor now had access to important information, like how much it was purchasing, how



often, in what cycle pattern, and for what fees. It may also have access to its designs (or as much of them as are related to this supplier's work).

All of this should have been avoided through ongoing market intelligence.

The need for market intelligence in supply chain management

Market Intelligence for Supply Chain Management has, until recently, been considered a philosophical, nice-to-have, added cost to the corporate procurement department's existing cost-centre. It is almost always associated with being an additional help in the strategic sourcing function. But with a recent upsurge in market activities that are impacting firms' abilities to function, manage and compete, intelligence has a new role in supply chain management.

Joining forces with strategic analysis, market intelligence is

forecasting risks and enabling firms to prepare for the worst scenarios imaginable.

Those responsible for intelligence within the corporation will likely agree that intelligence research is sought-after by the marketing department, well-received by the strategy department, required by the executives, and celebrated in any revenue-generating capacity. And that's often where it stops. Try talking about continuous market monitoring or consulting projects geared toward operations, logistics, or supply chain, and it almost always comes down to a budget issue: We can't afford to invest in that right now.

There are a few questions the intelligence director can ask his or her supply chain management colleagues which can turn that budget issue upside-down: We can't afford NOT to invest in that right now.

The following are three areas you might want to consider to avoid

any embarrassing questions about your supply chain.

1. WHAT WOULD WE DO IF OUR COMPETITOR ACQUIRED OUR SUPPLIER?

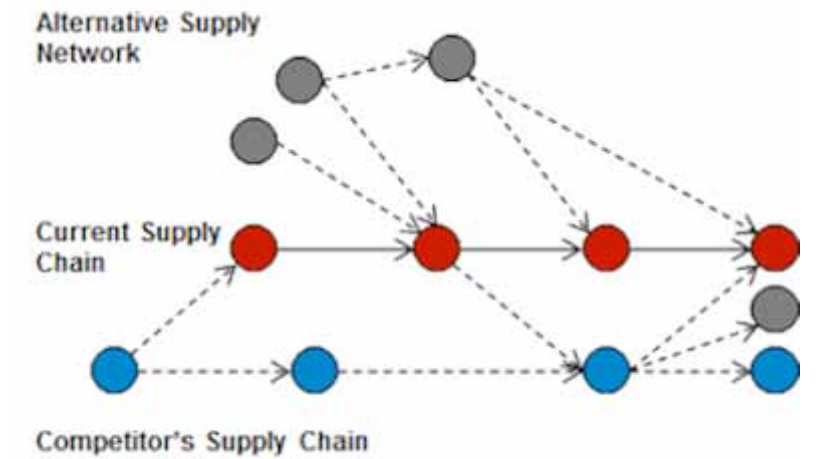
Multiple recent cases come to mind: the automotive example exemplifies the impact of this event on a company's brand. Another example of competitors buying suppliers is from the business services industry. Through ongoing market monitoring, a business services company discovered that one of its competitors had acquired a key supplier but lacked a back up plan. Strategic market intelligence for supply chain management is not complete without scenario planning, strategic analysis, and action plans. As such, the company is learning to plan for scenarios like this one, so that monitoring the right companies will lead to timely intelligence which the company is prepared to act on.

A third example involves an educational software company that was well prepared for changes in its supply chain as it had conducted strategic intelligence research on its industry and its competitors through a value chain investigation. The results of the project pointed to a supplier that was identified as an acquisition opportunity. When the software company decided not to pursue this opportunity and the supplier was eventually acquired a few months later, the company was prepared. Having considered the scenario and looking at alternative sources of supply, it had established the necessary relationships in time to avoid the risks associated with the competition owning a source of supply.

Possible Solutions

Being prepared means avoiding scenarios like the ones mentioned above. Having secondary sources of supply established and ready is as important as seeing the situation coming. Continuous monitoring of competitors, suppliers, commodities and industries, can enable an early warning system that would at least inform managers of the possibility of an acquisition and prevent any unpleasant surprises.

The Alternative Supply Network



Source: Global Intelligence Alliance

Consider the alternative supply network. Going beyond the traditional supply chain, this view of the industry describes all the companies (competitors, suppliers, customers) that ought to be monitored, and the relationships inherent in the network. Start with understanding "who is working with whom?" and potentially go as far as depicting "what would happen if one of those companies were to disappear?"

Supposing the intelligence analysis identifies a supplier in the industry as a potential M&A target, there are two resulting actions you can take.

- Assuming that a key supplier is likely to be acquired soon, you should be prepared for a shortage in supplies or a much larger and stronger competitor
- You could consider acquiring that supplier before anyone

else does, in order to be bigger and stronger, in order to secure your own source of supply, or in order to prevent another firm from doing so before you do

2. ARE OUR TRADE SECRETS LIKELY TO LEAK AND WHO WOULD THEY GO TO?

Many firms take great pains to create policies, educate their employees and insert legal clauses in contracts to protect their internal intelligence. Most telecom innovation companies, for example, treat their switchboard operators as front line 'guards'. Employees are told not to participate in surveys, talk to the media or tell anyone anything. Yet, somehow trade secrets still go public.

Individuals outside any given business conduct some of a company's work. The value chain is hence often bigger than

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just one firm. In working together with suppliers, information must be shared. But who says that your supplier has the same policies? Or the same code of ethics? What do your suppliers' employees do to protect the innovations of your firm?

In the new global economy, a purchase decision that looks good on paper may include cultures that thrive on reverse-engineering or where information can be bought. Apple recently discovered that the link between its own company and its suppliers was tainted with information that should not have been shared.

A senior team member had been supplying intelligence to suppliers to enable them to achieve better contract terms in exchange for kickbacks, all at the expense of Apple's ability to compete. Apple discovered the intelligence leak too late, and now faces court cases, employee discipline activities, renegotiating supplier contracts and private company information that has been made public.

Possible Solutions

To ensure that that the immediate value chain is water-tight, counter-

intelligence projects can confirm that the policies within your own firm are working, and that as much as other parties may try, your suppliers are loyal and will not reveal intelligence about your products, services, processes and plans. Of course it is always ideal to work with suppliers that match your company's culture. Aside from long term partnerships, company profiling and counter-intelligence are alternative methods of determining what kind of company you are releasing important corporate information to.

Supplier Selection Mapping

Consider measuring suppliers and potential vendors on multiple scales to ensure that they truly fit the target your company is seeking.

3. CAN OUR SUPPLIERS REALLY DELIVER?

Supply chain managers are responsible for finding and maintaining relationships with partner companies that ultimately enable or deny our firm's ability to succeed. While the rest of the firm is planning strategy, producing sales and churning out products and services, they are all trusting that their strategic sourcing and procurement team is doing their best to engage with reliable supply partners who are dedicated to serving their long



term needs.

How do supply chain management professionals do this best? Beyond an RFP, proposal, lunch meeting and a handshake, a little bit of due diligence goes a long way. The international web-based marketplace firm, Alibaba.com Ltd., recently discovered that many of the companies that were using its platform proved to be fraudulent suppliers, as a result of little-to-no due diligence. In a business-to-consumer scenario, a fraudulent supplier is a frustration. In a business-to-business situation, a fraudulent supplier affects a brand's ability to deliver. Alibaba.com could have invested in some due diligence research to avoid losing the faith of so many customers and the employment of two senior executives.

Possible Solutions

due diligence research provides you with important information on a company so you can make an informed decision. A quick company profiling exercise may discourage you from continuing with a merger, joint venture, supply contract or any agreement in principle.

Here, we have provided three basic questions companies should ask about their supply chains. There are many more that are specific to a company's internal needs, industry and geographic spread.

Fortunately, avoiding risks, assisting with revenue generation and making long-term, sustainable and profitable choices have become achievable today with the right market intelligence partners. International and growing businesses must rely on continuous monitoring of their industries, competitors and

Due suppliers, and analyses of counter-intelligence to be informed about the risks, opportunities and blind-spots in and around their supply chains.

RLM



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Global Intelligence Alliance (GIA) is a strategic competitive intelligence and advisory group. GIA was formed in 1995 when a team of competitive intelligence specialists, management consultants, industry analysts and technology experts came together to build a powerful suite of customized solutions ranging from outsourced market monitoring services and software, to strategic analysis and advisory.

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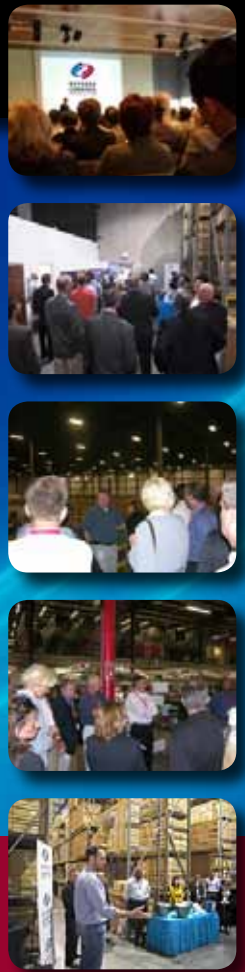
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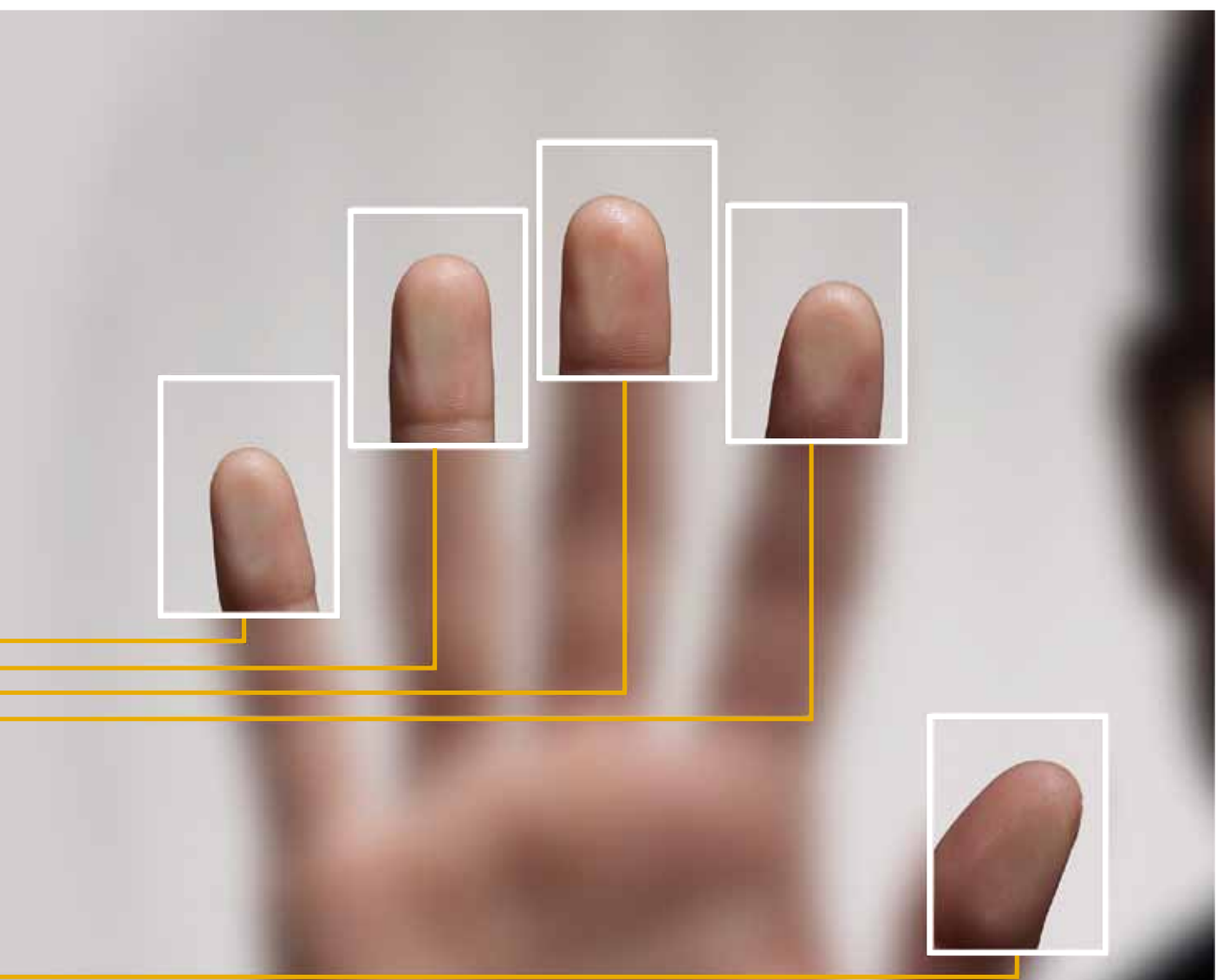
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