

# REVERSE LOGISTICS DIGITAL magazine®



**Call for Reduced  
Energy Use in Supply  
Chain - pg18**



**Conferencia y Exposición de Logística Inversa en São Paulo Brasil**

17-19 de abril

Patrocinado por la Asociación de Logística Inversa

- Participação de profissionais de todo o mundo inclusive da América do Sul e Central
- OEMs e Varejistas Principais estão procurando empresas terceirizadas para prover serviços de gerenciamento e administração do processo de Logística Reversa nesta região.
- Desfruta do sol maravilhoso de São Paulo em pleno Outono.

Planear ahora para aprender de los expertos de Logística Inversa y hacer contactos con otros profesionales

**Conferência e Exposição sobre Logística Reversa no Brasil**

De 17 a 19 de Abril

Patrocinado pela Reverse Logistic Association

- Participação de profissionais de todo o mundo inclusive da América do Sul e Central
- Principais OEMs e Varejistas estão procurando por empresas terceirizadas para prover serviços de gerenciamento e administração do processo de Logística Reversa nesta região.
- Desfruta do maravilhoso sol Brasileiro de São Paulo em pleno Outono.

Programe-se agora mesmo para aprender com os especialistas em Logística Reversa e aproveite para fazer uma network com outros profissionais do ramo.

**Reverse Logistics Conference & Expo in São Paulo Brazil**

APRIL 17-19

Sponsored by the Reverse Logistics Association

- Professionals worldwide will attend this event.
- Major OEMs & Retailers are looking for Third Party Service Providers that can manage their Reverse Logistics in this region.
- Enjoy the fall season in the Brazilian sun!

Plan now to learn from the experts in Reverse Logistics and network with other RL professionals.



**Hotel Novotel São Paulo Jaragua**  
in the heart of São Paulo



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**Para maiores informações, visite: [www.RLashows.com/brazil.php](http://www.RLashows.com/brazil.php)**



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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:**

**Bentonville, Arkansas • May 3rd**  
Facility Tour: Walmart Returns Facility



Facility Tour Sponsored By:



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**EVENING RECEPTION**

Many attendees are interested in furthering discussions of their reverse logistics operations after experiencing a busy and informative day. So join your peers for an engaging evening reception with food and wine after the seminar.

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[http://rltshows.com/ark12\\_event.php](http://rltshows.com/ark12_event.php)



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### Big Banks and Investors in \$10 Trillion call for Reduced Energy Use in Supply Chain

by The Carbon Disclosure Project

Support for Carbon Action, which aims to improve company profitability and reduce the long-term business risks of carbon emissions, has more than doubled since it was launched in April 2011, driven by a small group of institutional investors including Dutch and British pension funds and asset managers.

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by Mike Thomas, Freescale Semiconductor

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Reverse Logistics:  
What the CFO needs to know

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

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



## Wrap Up



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### Reverse Logistics Association Conference and Expo, Las Vegas 2012 Wrap Up

The conference was very well attended with over 1,100 registered attendees and nearly 500 companies represented!

## Video



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## Message from the Editor

In September 2006 I made my way from Northern Thailand down South to learn how to scuba dive. I have always wanted to learn but I also wanted to use my new skills to help clean up after the tsunami disaster that hit the South East Asian region hard (December 2004).

I was told that the cleanup effort in Phuket was well done but some of the smaller islands still needed help. I got my certification and headed over to Ko Phi Phi. A couple of diving outfits were doing clean up dives every morning.

I was joined with 40 other experienced divers and 20 new divers, we were put into smaller teams in order to sweep across the bay, the object of the clear-up was to salvage any debris that was reusable and bring up any garbage to properly dispose of.

We were given a dive brief and each team was allocated a direction and depth to start out searching the seabed for debris. We were also given collection bags and lift bags (used if bringing heavy objects to the surface). Long-tail boats had been provided to collect anything that was brought up. This was then transferred to the beach and sorted into categories: food, drinks, clothes, tools and garbage

There was a variety of things we found that were amazing. They included; unopened bottles of beer & soda, a crate of diet coke, restaurant utensils, all sorts of clothes and shoes, large beach parasols and even a couch!

We decided to leave a number of objects down there because marine life had already set up home and that would be disruptive and counter productive.

The people of Ko Phi Phi had lost so much in the disaster, almost everything that was brought up was put to good use.

Lyndsey Turner, Editor • [Editor@RLA.org](mailto: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/RLTS Conference & Expo AMSTERDAM

**Over 400 RL Professionals & 200 Companies will be in Attendance**

**Location:**

Amsterdam, The Netherlands

**Date:**

Workshops - June 19, 2012  
Conference & Expo - June 20-21, 2012



**Two concentrated  
Days of RL Thought  
Leadership, Innovation  
and Networking!**

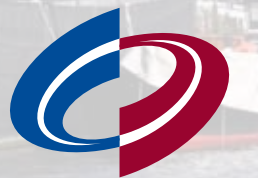


The Reverse Logistics Association Conference & Expo kicks off on Monday with workshops and committee meetings. Tuesday and Wednesday's events include the opening of the exhibit hall, the keynote address, sessions presented by RL professionals, leading academics and interactive panel discussions.

Session topics include "Controlled Reverse Chains for End-of-Life Products," "Returns Management and Asset Recovery" and "Challenges and Compliance with Cross Border Commerce." A wide range of Reverse Logistics companies will be in attendance from repair/refurbishing to recycling/e-waste and transportation logistics.

Be sure to visit the Exhibition Hall where OEMs, ODMs and Retailers will be looking for Third Party Service Providers that can manage Reverse Logistics in Europe and around the world. This is a rich opportunity for OEMs and Branded companies to identify future service partners among the many exhibitors showcasing their Reverse Logistics solutions.

**For more information, visit: [www.RLASHows.org](http://www.RLASHows.org)**



**REVERSE  
LOGISTICS  
ASSOCIATION**  
CONFERENCE  
& EXPO





# Message from the Publisher

## MANAGING ACCESSES

Last month I emphasized the importance of Networking and the affects of reliance on Social Media. I encourage your executive staff to add an agenda item to discuss this important subject. We continue to see companies of all sizes depending upon Social Media as their panacea for marketing/sales efforts, to the demise of real relationship building with prospects and clients by means of face-to-face, video conferencing and QBR meetings.

This month we turn our attention to the economic side of access waste. No I don't mean trash, but that could easily be included, but the management of accesses. As the economy has slowed down across the world, smart companies are starting to look at where money is spent. Recently a COO at a major appliance distributor called to express concern after finding that his ERP had flagged his senior management that over 1% of the companies' revenue was being spent on RL. I didn't have the heart to tell him that their real number was more like 3-8%. But I'm sure they will realize the larger percentage as they start their project of management of accesses. Access management is becoming a trend at many companies today, you would say, "everyone does this all the time". Well not really, if you can't measure it then it is hard to find it and in most companies today, the ERP is not measuring RL.

Take a look at the world economy in the chart below; every country is looking at what is needed and what is essential for conducting services to their citizens. Companies need to do the same. This edition of RL Magazine if full of stories of companies that process what has been ignored in the past.

### The World Economy

	Real GDP Growth (percent)			
	2009	2010	2011	2012 (f)
Japan	-6.3	4.4	-0.9	1.7
United Kingdom	-4.9	2.1	0.9	0.6
Euro area -4.3 1.9	-4.3	1.9	1.6	-0.5
United States	-3.5	3.0	1.8	1.8
Asian NICs	-0.7	8.4	4.2	3.3
Brazil	-0.6	7.5	2.9	3.0
India	6.8	9.9	7.4	7.0
China	9.2	10.4	9.2	8.2

Source: IMF World Economic Outlook, January 2012

Please note that Brazil has become a power-house for a growing economy. I invite you all to come to the Revers Logistics networking event in Brazil this coming month in São Paulo at the Hotel Novotel São Paulo Jaragua Convention Center where you will learn new way to manage your accesses.

Gailen Vick - Founder & Executive Director  
[www.RLA.org](http://www.RLA.org)



## 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**

JackAllen 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 Sr. Director of Reverse Logistics 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 Senior Manager of Asset Recovery 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](http://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

## Apparel

Chairperson - Needed

- Jeroen Weers, Spring Global Mail

## Automotive

Chairperson - Charles Chappell, GENCO ATC

## Aviation

Chairperson - Steve Wallace COMPUMAR

- Steve Wallace, Planes of Fame Air Museum
- Bernie Gagnon, Kuehne + Nagel, Inc.

## Consumer Electronics

Chairperson - Maryellen Daniels, Itran  
Co-Chair - Mark Prol, Inmar  
Co-Chair - Paula Whittington Lifetime Service Center

- Ray Agarpo, HP
- Jeff Anderson, Fidelitone Logistics
- Paul Baum, PlanITROI
- John Beyers, United Radio
- Patrick Blinn, Microsoft
- Brianne Boettner, Best Buy
- Chad Burke, Ryder
- Charles Chappell, Genco ATC
- John Damm, Lexmark
- Maryellen Daniels, ITRAN Electronics Recycling
- Jack DeButts, Dell
- Ikechukwu Dike, Coventry University
- Christopher Fabian
- Rubina Farooq, LG Electronics
- Elaine Gasser, HP
- Cintia Gates, Dell Inc
- Curtis Greve, Greve Davis
- Chris Griffin, Sprint Nextel
- Brad Larsen, Hewlett Packard
- David Liscom, Hyper Microsystems Inc.
- John McGurk, Globalware
- Jason ONeill, UPS

## Supply Chain Solutions

- Mark Prol, Inmar
- Jeffrey Reed, InFonte
- Paul Rupnow, Andlor Logistics Systems Inc
- Jim Rushton, Encompass
- Tony Sciarrotta, Philips
- Chris Tejada, Inmar
- Liz Walker, Image Microsystems
- Bryan Warner, Forse Inc
- Paula Whittington, Lifetime Service Center

## Data Storage

Chairperson - Tom Burnam, Western Digital  
Co-Chair - David Liscom Hyper Microsystems Inc.

- Co-Chair - Alan Clark Seagate Technologies
- Committee Members:
- Gary Gear, Toshiba
  - Alan Clark, Seagate Technologies
  - David Liscom, Hyper Microsystems Inc.
  - Steven Snyder, IRSC
  - Wes Stott, DEX

## Food & Beverage

Chairperson - Gene Bodenheimer, GENCO ATC  
Co-Chair - Dr. Oliver Hedgepeth American Public University

Committee Members:

- Gene Bodenheimer,

## GENCO ATC

- Benjamin Paneth, ym trading
- Bruce Stevenson, Independent

## Medical/Pharmaceutical

Chairperson - Needed

- Michael Blumberg, Blumberg Advisory Group
- Dan Gardner, ATC Logistics & Electronics

## Retailers

Chairperson - Sam Jackson,

## Target Corp.

Co Chair – Raul Castilla, Wal-Mart Stores, Inc.  
Co Chair – Albert (Buddy) Burgess, Pep Boys

Committee Members:

- Albert (Buddy) Burgess, Pep Boys
- Randy Compas, Canadian Tire Corporation
- Summer Irvin, Overstock.com
- Rene’ Kostosky, Dick’s Sporting Goods
- Andrea Newman, Best Buy

- Anthony Pereira, Barnes & Noble
- Gregor Thompson, GENCO ATC

## Telecommunications

Chairperson - Gary Cullen of 4PRL

- Joakim Jansch, eBuilder
- Gabriel Medel, Electronic Recycling and Trading Inc

## Wireless

Chairperson - Doug Zody, Microsoft

Co Chair – Blake Vaughn, Brightpoint

Committee Members:

- Michelle Gross, T-Mobile
- Amit Mahajan, XCaliber Technologies
- Chris Nielsen, Teleplan
- Jordan Sielaff, Greenstream International
- Blake Vaughn, Brightpoint
- Javier Villarreal, Ace Wireless
- Joe Walden, University of Kansas



Join today at [www.RLA.org](http://www.RLA.org)

Focus Committees & Regional Focus continued on to page 17



## How to dominate an emerging market in tough economic times

by Mike Thomas, Freescale Semiconductor

Do you want to know the secret to establish dominance in a “green” or emerging market? Simply stated, put egos and greed aside and co-pete (compete together) vertically.

Being “green” is the future of business and emerging markets are all around us. If you don’t believe me, take a

look around and then listen to President elect Obama’s speeches on where he plans to shift government funding and incentives. The problem is that everyone is competing at every level. When synergies are found, egos and greed undermine efforts to collaborate. This stunts growth and limits opportunities in the

business world.

This article will use the electronic waste (e-waste) industry as an example and blueprint for greater success.

So what is the impact? When real trust and synergy is gained, momentum is created and leads to all parties achieving more

collectively. The purpose is getting owners and CEOs thinking differently to provide a realistic vision of becoming the industry leader 2-3x faster.

So what does it take to become “the leader” in the e-waste, asset recovery, and/or reverse logistics industry?

- Client base OEM’s
- Reverse logistics Specialized / “white glove” carriers
- R e c y c l e r s Processing raw materials (scrap yards)
- B r o k e r s Wholesaling completed units (bulk sellers)
- Parts dealers Most specialized and profitable of all processing
- Integrators I/T linking data, tools, and visibility across all partners
- Lean network

Geographic distribution of processing centers

The current environment has leaders in each of the spaces above and most offer services outside their core competencies. This drives mediocrity and erodes credibility across the industry. Customers pay for this inefficiency due to excessive outsourcing. Its common for one project to pay 2-3 suppliers for the same service. One subcontracts to another, who then subcontracts

another partner for the exact same service.

If you are a business owner or CEO in an emerging market, e-waste, or “green” industry, stop randomly outsourcing to outsourcers in your quest to create a “one stop shop”. Find the right players to stay one level removed from the customer. Niche players become powerhouses collectively. Each get the comfort of executing core competencies with tremendous





volumes. Gross margin dollars will increase exponentially. In a co-op, economies of scale will be achieved, which drives value to the end customer and overall marketplace.

check our egos and greed at the door to drive more value to our customers and improve the environment on a larger scale. Let's be part of something great by working together.

I'm writing this article because I want a leader to emerge. Who will be the Kleenex, band-aid, or rollerblade of your industry? Are you on track to be the facial tissue, adhesive bandage, or inline skate? I want others to follow and drive more "green" initiatives. Let's

RLM Mike has over 12 years of extensive experience in high tech supply chain operations and a six sigma black belt certification. Experience ranges from



logistics, manufacturing, services, consulting and global procurement. Projects and negotiations have delivered over \$175M in financial benefit, primarily P&L savings. Success has been demonstrated as an individual, team leader, organizational leader, and global manager.

## Is your company being Robbed?

Up to 3-15% of your bottom line may be under attack.



To learn more visit: [www.RLA.org](http://www.RLA.org)

## Read the Press

### Encompass Appoints Robert Coolidge as CEO

Lawrenceville, GA—23 February 2012—Encompass Supply Chain Solutions, Inc. (ESCS), a provider of forward and reverse logistics for a diverse range of electronics products and replacement parts, today announced that company President Robert Coolidge will assume the added role of Chief Executive Officer. [CLICK HERE](#)

### Avnet EM Japan is Number One in Japan at Freescale Again

Tokyo—23 February 2012—Avnet EM Japan (AEMJ), a division of Avnet Electronics Marketing and a business unit of Avnet EM Holdings, Japan received the ultimate honor from one of its key suppliers. Freescale Semiconductor K.K. awarded the Best Distributor award to AEMJ for 2011 for the second year in a row. [CLICK HERE](#)

### Taking a shine to the seconds

22 February 2012—Love brands but are budget-strapped? Despair not. Help, in the form of 'factory seconds', is coming your way for cheap. [CLICK HERE](#)

### QC Software's Guide for a Successful Reverse Logistics Operation

Cincinnati, OH—22 February 2012—Here's a sobering thought: Companies spend billions of dollars per year on processing returned merchandise, according to the Aberdeen Group. Why is it so expensive and how can companies control these costs? [CLICK HERE](#)

### Microsoft Adds New Board Member

Redmond, WA—20 February 2012—Microsoft Corp. today announced that John W. Thompson, chief executive officer of privately held Virtual Instruments and former chairman and CEO of Symantec Corp., was appointed to the company's board of directors, returning the board's size to 10 members. [CLICK HERE](#)

### RLA Conference & Expo: Las Vegas 2012 - Presentations & Surveys Now Available

The RLA Conference & Expo: Las Vegas

2012 presentations are now available for download. Members of the Reverse Logistics Association may download these presentations at no cost as part of their membership benefits. The presentation downloads are available in three convenient locations: The RLA Community Schedule, the RLA Conference & Expo: Las Vegas 2012 Schedule, and the RLA Publications: Conference Presentations. [CLICK HERE](#)

### E-Waste Systems Appoints Paul Haft to Executive Team

London & Columbus, OH—20 February 2012—E-Waste Systems, Inc. announced today that Paul Haft has agreed to join its executive team as VP Operations and COO of its E-Waste Systems (OH) subsidiary. [CLICK HERE](#)

### Going in Reverse Can Be the Right Direction

15 February 2012—For consumer goods and high-tech manufacturers, as well as their retail customers, Christmas isn't necessarily the most important time of the year. In fact, it's Christmas returns season that is make-or-break for many of these companies, says Curtis Greve, principal of Greve Davis, a company specializing in reverse logistics and aftermarket services. "Your ability to process the tidal wave of returns during the first quarter of the year will have a big impact on your company's bottom line," he says. [CLICK HERE](#)

### One Good Return Deserves Another

15 February 2012—Reverse logistics expert Curtis Greve of Greve Davis offers the following tips for companies to consider in preparation for seasonal returns. [CLICK HERE](#)

### ProcessWeaver, Inc. Launches Version 2.0 of their Enterprise Reverse Logistics Management (ERM) Solution

Las Vegas, NV—14 February 2012—ProcessWeaver, Inc., a leader in providing Transportation Management Solutions, launched a new version of their Enterprise Reverse Logistics Management (ERM) at the Annual Reverse Logistics Conference

& Expo in Las Vegas, NV. ERM 2.0 was presented by Kumar Vidadala, Vice President of Product Management at ProcessWeaver, Inc. [CLICK HERE](#)

### PC-Doctor Receives Reverse Logistics Association Vendor Solutions Award

Reno, NV—14 February 2012—PC-Doctor, Inc. has been recognized by the Reverse Logistics Association (RLA) with its Vendor Solutions Award at the association's annual conference in Las Vegas. It is awarded for demonstrated performance, including "measurable improvements in efficiency and return on investment" – [http://rla.org/awards\\_vendor.php](http://rla.org/awards_vendor.php). [CLICK HERE](#)

### Reverse Logistics Market for Set-Top-Boxes Forecasts 27 Percent Growth by 2015

Fort Washington, PA—13 February 2012—Today, Blumberg Advisory Group announced the availability of a new research report, Strategic Analysis of the Reverse Logistics Market for Set-Top Boxes in the United States 2012. Blumberg has over 40 years of benchmark data and industry best practices expertise in the high-tech service industry. This is the second high-tech market focus report following last month's release of the [http://www.blumberg-advisor.com/reverse-logistics-publications/cellular-telephone-market-usa/] Strategic Analysis of the Reverse Logistics Market for Cellular Telephones in the United States 2012. [CLICK HERE](#)

### Sims Recycling Solutions Earns Five-Year Department of Defense Continuation of Service Contract

13 February 2012—Sims Recycling Solutions, the global leader in electronics reuse and recycling, announced today that the Department of Defense has agreed to renew a five-year continuation of service contract with Sims Recycling Solutions. Sims Recycling Solutions has been the sole provider of electronic de-manufacturing services for the Department of Defense for 13 years. [CLICK HERE](#)



# WHAT IS THE REVERSE LOGISTICS ASSOCIATION?



At this year's RLA Conference & Expo in Las Vegas you may have noticed a television crew roaming around. The crew was there to capture response to the conference and make a video that displayed the essence of the Reverse Logistics Association. They were also filming segments for a new video series in RL Digital magazine called RLA Rewound. As you view it, you may see some familiar faces. A big thank you to everyone who took time out from their busy conference schedule to stop and talk with our reporter. We hope you will share the video with friends and colleagues as you introduce them to the association and explain what we do and how we can support them. Stay tuned, because we may be talking to you for the next series of videos for RLA Rewound.

# Reverse Logistics Association Focus Committees



## FOCUS COMMITTEES

### Corporate Social Responsibility

Chairperson - Brian F. Eddy,  
SubCon Industries

- Christopher Fabian, Professional Service Solutions, LLC
- Wes Stott, DEX
- Liz Walker, Image Microsystems

### Extended Warranties

Chairperson - Needed

- Charles Chappell, Genco ATC
- Mohan Kumar D, HP
- John Duffy, Assurant Solutions
- Michelle Gross T-Mobile
- Edwin Heslinga, Microsoft
- Amit Mahajan, XCaliber Technologies
- David Novak, Assurant Solutions
- Ann Rodriguez, Avnet
- Martin Walsh, Test Technology Inc
- Bryan Warner, Forse Inc
- Paula Whittington, Lifetime Service Center

### Software Solutions

Chairperson - Leonard Schneeman,  
DEX

Co-Chairperson - Paul Rupnow,  
Andlor Logistics Systems Inc

- Michael Ayon, Avnet
- Michael Blumberg, Blumberg Associates
- M. Brian Carter, SAP Labs
- Cynthia Cheak, Dell Inc
- Haozhe Chen, University of Oklahoma
- Matt Domachowski, GENCO ATC
- Curtis Greve, Greve Davis
- Bob Leeds, Kewill
- Jeffrey Reed, InFonte
- John Rinehart, Intel
- Lee Sacco, Oracle
- Seshagiri Singaraju, Sun Microsystems
- Bryan Warner, Forse Inc
- Matt Winger, Kewill

### Spare Parts Management

Chairperson - Needed

- John Baehr, KLA-Tencor Corporation
- Dan Gardner, ATC Logistics & Electronics
- Herman Goemans, Sprague Magnetics Europe.
- Edward Higgins, MasterWorks International Inc.

- Amit Mahajan, XCaliber Technologies
- Derek Scott, Canon Europa N.V.
- John Weatherup, Hewlett Packard

### Standards

Chairperson - Ron Lembke,  
University of Nevada

Co-Chairperson - Ken Jacobsen,  
Connexus

- Haozhe Chen, East Carolina University
- Beth Foster, United States Postal Service
- Jeffrey Reed, InFonte
- Paul Rupnow, Andlor Logistics Systems Inc
- Jeremy Vick, Entercoms

### Sustainability and Environmental Management

Co-Chairperson - Raymond Glynn,  
Cavalry Sales and Marketing

Co-Chairperson - Paul Gettings,  
Supply Chain Executive

- Rachel Blackwood, ROUND2
- Gina Chiarella, WeRecycle!, Inc.
- Robert Gallagher, Image Microsystems
- Cintia Gates, Dell Inc
- Robert German, Rochester Institute of Technology
- Chris Kahl, Cinco Electronic Recycling
- Joe Walden, University of Kansas

## REGIONAL FOCUS

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Repair Group Limited

Co-Chairperson - Jason Juretic,  
eBuilder

- Sanjeev Kakar, Intarvo Technologies Ltd
- Brian Noone, Infinet Service Solutions Pty Ltd
- John Wilson, Infoteam Oceania

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Flextronics Global Services

Co-Chairperson - Djalma Barbosa,  
Dell Inc

- Aniello Assumpção, Assurant

- Carlos Chiu, Pegatron Computer do Brasil
- Maryellen Daniels, ITRAN Electronics Recycling
- Henrique Domingues, FATEC Guarulhos
- Giselle Druillard-Salom, Teleplan
- Luciana Lacerda, HP
- OSVALDO NOBUO, UPS
- Cássio Peixoto, BMS Gestão Empresarial
- Andre Luiz Pereira, FUMEC University
- Douglas Piagentini, Telefônica Transportes e Logística Ltda
- Chadad Rodrigues, universidade camilo castelo branco
- Giovana Salvatore, Fatec
- Nathalia Santos, FATEC Guarulhos
- Marcio Silva, Philips
- Katelynn Weber, ProcessWeaver

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Chairperson - Craig Stevens,  
Returntrax

Co-Chairperson - Wayne Burgess,  
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- Molly Zito, Avnet

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Global Mail

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- Herman Goemans, Sprague Magnetics Europe.
- Sanjeev Kakar, Intarvo Technologies Ltd
- Bob Leeds, Kewill
- Ake Nylen, eBuilder
- Ian Rusher, Cisco Systems
- Howard Strowman, Wam Europe Ltd

### India

Chairperson - Sanjeev Kakar,  
Intarvo Technologies Ltd

- Ian Rusher, Cisco Systems





## Big Banks and Investors in \$10 Trillion call for Reduced Energy Use in Supply Chain

by The Carbon Disclosure Project

On behalf of 92 pension funds, asset managers, insurers and banks, the Carbon Disclosure Project (CDP), which holds the world's largest collection of self-reported corporate environmental data, has sent letters to the CEOs of 415 of the world's largest public

companies calling for cost-effective management and reductions of their carbon emissions. The letters were sent as part of CDP's Carbon Action initiative in parallel to CDP's annual request for disclosure of greenhouse gas emissions, climate change strategies and water use.

Support for Carbon Action, which aims to improve company profitability and reduce the long-term business risks of carbon emissions, has more than doubled since it was launched in April 2011, driven by a small group of institutional investors including Dutch

and British pension funds and asset managers.

The largest new signatories include Spain's Banco Santander, Banesto and BBVA from the banking sector, fund manager Henderson and APG the asset manager. There is also a significant number of new signatories in Australia, which passed its Clean Energy Act in November last year, taking the group's combined assets to over US\$10 trillion.

Emilio Botín, chairman of Banco Santander, says:

“Banco Santander has a strong commitment with the environment and climate change. The Bank is making significant progress by measuring and reducing its main consumption inputs and CO2 emissions as well as by integrating social and environmental criteria into the credit analysis processes.”

Banking and financial services group Rabobank, investment management companies AXA IM and Aviva Investors, are among 31 organisations that joined last year and have continued

their commitment to the initiative.

Paul Simpson, CDP's CEO says: “Institutional investors increasingly recognise that companies in their portfolios can reduce emissions while generating efficiencies. Minimising exposure to emissions regulation in Australia, the EU and other markets will also protect their investments for the long-term. Companies that capitalise on financial savings as a result of carbon reductions are well placed to improve their competitive position in the marketplace.”

## RL Careers

### Arrow Electronics

- Business Development Representative
- PEMCO Inside Sales
- Solutions Development Manager

[Click Here](#)

### Best Buy - Corporate

- Field Services Director - East Coast

[Click Here](#)

### Best Buy - Secondary Markets

- Business Development Manager

[Click Here](#)

### DecisionOne

- Director of Engineering

[Click Here](#)

### Flextronics

- Sr. Engineering Manager

[Click Here](#)

### Greenstream International

- Business Development Executive
- Operations Manager

[Click Here](#)

### Microsoft

- Inventory Control Analyst

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### Newgistics

- District Sales Executive

[Click Here](#)

### Product Support Services (PSSI)

- Sales & Marketing

[Click Here](#)

### Reverse Logistics Association

- Account Manager
- Accounting & Registration Manager
- RLA Connections Manager
- Seminars Manager
- Office Manager
- Registration/Office Manager
- RLA Corporate Internship

[Click Here](#)





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Public Safety & Health // Science & Technology // Security & Global Studies

CDP first launched its emissions disclosure programme in 2002 with the backing of 35 institutional investors, requesting transparency from public companies of their carbon emissions. In 2012 there are now over 655 signatories representing \$78 trillion in assets, and disclosure rates among the world's largest companies run at 80%. CDP data is downloaded on average more than 730,000 times a month via Bloomberg terminals[1].

Paul Abberley, CEO at Aviva Investors London, a founding signatory to the Carbon Action initiative, says: "We are delighted to help catalyse this initiative. We were a founding signatory because we believe that the external costs of greenhouse gas emissions will become internalised into company cash flows and profitability. Managing greenhouse gas emissions is therefore essential to delivering sustainable shareholder returns. There still remains huge potential in companies

for achieving cost effective emissions reductions but we are so pleased that there has been such increased support this year."

Claudia Kruse, head of sustainability and corporate governance at APG says: "Companies stand to benefit from improving operational energy efficiency as well as from capturing the market opportunity for energy efficiency-related products and services. The potential upside to their short-term performance and long-term competitiveness can be material. Hence, investors need greater visibility of how management drives improvements and seizes strategic opportunities."

The calls for companies to take action are issued through Carbon Action letters tailored to company-specific circumstances, these may include requests to:

- Make year-on-year emissions reductions;
- Invest in emission reduction activities with a positive return on investment;
- Set and publicly disclose

an emissions reduction target that covers the principal sources of emissions in their business if they have not already done so;

- Demonstrate management and steps toward reduction of emissions across their supply chains.
- Institutional investor support for Carbon Action is driven by a range of factors, depending on the organisation, these include:
- Concern about climate change and extreme weather events;

- For companies in the European Union, reducing exposure to potential increases in the price of carbon traded on the EU emissions trading scheme (ETS);
- Growing understanding that emissions reduction activities can be cost-effective;
- Protecting the financial sustainability of loans on the part of banks, and investments on the part of asset managers and pension funds;
- Increasing use of ESG (environmental, social and corporate governance)

data in decision-making, as per the United Nations (UN) Principles for Responsible Investing (PRI) initiative;

Regulatory risk and long-term corporate strategic preparedness.

As with the annual CDP disclosure request, which has been sent to 4,910 corporations, companies have until 31 May 2012 to report their emissions and emissions-reducing activities to CDP. Data from responses to the Carbon Action letters



Winston-Salem council approves Inmar incentives [Click Here](#)

Reboot in progress: Dell, HP investors in waiting mode [Click Here](#)

TNT Rejects Takeover Bid by UPS [Click Here](#)  
Revenge of the tech geezers! [Click Here](#)

Toshiba Presentation for FY2011 Q3 Results [Click Here](#)

Ryder Declares Quarterly Cash Dividend [Click Here](#)

Cisco hikes dividend as profit beats forecasts [Click Here](#)

UPS Boosts Dividend by 10 Percent [Click Here](#)

Sims Metal Management Earnings Update for Half Year Fiscal 2012 Ended 31 December 2011 [Click Here](#)



will be collected through the same questionnaire and then synthesized in a public summary report, and a detailed investor analysis for the signatories, which will be delivered this autumn.

Carbon Action signatories can then use the information in individual interactions with company management, or collaboratively through the UN PRI.

Reflecting the growth in support for Carbon Action, there was a surge in the number of signatories

to CDP's disclosure programmes for 2012, with increases of 19% (to 655 signatories representing \$78 trillion in assets) for the Investor CDP programme and 33% (to 470 representing \$50 trillion in assets) for CDP Water Disclosure. Disclosure data from this year's requests will be made available to investors via the CDP website, CDP reports, Bloomberg terminals and other financial information services from autumn 2012.

Matt Christensen, global head of responsible investment at AXA Investment Managers says: "The Carbon Action

initiative is an excellent means for AXA IM to evolve its existing support of CDP and highlight the importance of a low-carbon future by moving from disclosure into a more interactive engagement between investors and companies".

#### About Carbon Action

Carbon Action is a CDP initiative which works with investors and corporations to encourage companies to take action to reduce their GHG emissions by setting emission reduction targets and making investments



equipment; food products; and, beverages.

#### CARBON DISCLOSURE PROJECT

#### About CDP

The Carbon Disclosure Project (CDP) is an independent not-for-profit organisation providing a transformative global system for companies and cities to measure, disclose, manage, and share climate change and water information. Over 3,700 companies across the world's largest economies now measure and disclose their greenhouse gas emissions and assessment of climate change risk and opportunity through CDP, in order that they can set reduction targets and make performance improvements. This data is gathered on behalf of 655 institutional investors, holding US\$78 trillion in assets. CDP now holds the largest collection globally of self-reported climate change data. For more information visit [www.cdproject.net](http://www.cdproject.net).

in emissions reduction activities. The initiative began in 2011 and followed a call to action from Aviva Chairman, Lord Sharman, to CDP to challenge companies to take action that mitigates their climate change emissions.

In 2012, Carbon Action sent letters to 415 CEOs of companies in two distinct segments. The first was companies operating in sectors with an average of 4 million tonnes of carbon emissions a year. These were: independent power producers and energy traders, construction materials, electric utilities, marine, multi-utilities, oil, gas and consumable fuels, airlines, metals and mining,

paper and forest products, chemicals, building products, commercial services and suppliers, gas utilities, industrial conglomerates, automobiles, air freight and logistics, and, road and rail.

The second was 159 companies with the potential for large supply chain emissions reductions including internet & catalogue retail; multiline retail; specialty retail; food and staples retailing; household durables; household products; personal products; communications equipment; computers & peripherals; electronic equipment, instruments and components; office electronics; semiconductors and semiconductor

## Industry Events



**RLA Conference & Expo South America**  
April 17-19, 2012

[Click Here](#)

**RLA Conference & Expo EMEA**  
June 19-21, 2012

[Click Here](#)

**RLA Seminar, Bentonville**  
May 3, 2012

[Click Here](#)





# RLA LAS VEGAS 2012 RECAP

## ANOTHER SUCCESS AT NORTH AMERICA'S LARGEST RL EVENT!



### Gala Awards

At this years Las Vegas Conference & Expo RLA announced the first ever RL Awards presentation.

The RLA Reverse Logistics Excellence Awards allows the Reverse Logistics Association (RLA) to honor those companies that are setting the standard for excellence in reverse logistics through their vision, innovation, focus and efficiency. The RLA is seeking nominations from companies and their partners to identify leaders in reverse logistics operational excellence, reverse logistics vendor solutions and sustainable reverse logistics practices.

#### THE AWARDS WENT TO

- RL Lifetime Achievement - **Herbert S. Shear**
- RL Green - **Image Microsystems**
- RL Operational Excellence - **Inmar**
- RL Vendor Solutions - **PC Doctor**

The 9th Annual RLA Conference & Expo was held in Las Vegas on February 5-9, 2012. The conference was very well attended with over 1,100 registered attendees and nearly 500 companies represented! Companies like Walmart, Dell, The Home Depot, Best Buy, GENCO, Motorola, Microsoft, Teleplan, Hewlett-Packard, & Jabil all participated to discuss and learn about how reverse logistics processes are becoming less secondary and more key to driving success in today's business climate. The Key note was given by Doug Schmitt, Vice President Global Support Services Dell Inc. on The Development of Next Generation Services through Understanding Customer Needs and Industry Trends.



### RLA DONATES TO CATHOLIC CHARITIES OF SOUTHERN NEVADA

Reverse Logistics Association made a generous donation of \$10,000 to purchase food for Catholic Charities of Southern Nevada. Everyday of the year meals are served in the St. Vincent Lied Dining Facility, on the Catholic Charities campus, to men, women and children in need. More than 1800 nutritious meals are served daily. Catholic Charities has providing food for people in need for 69 years in Nevada.

1st Place CIP



Best Booth **ECS REFINING**

### 7TH RLA ANNUAL CHARITY GOLF TOURNAMENT







## Return to Sender

by Paul Galpin, Managing Director, P2P Mailing Ltd

E-commerce businesses focus time and money on providing customers with efficient and flexible delivery options. However, many companies neglect to extend this attention to the return of unwanted goods. Paul Galpin, Managing Director of P2P Mailing, looks at the importance of assessing and managing this vital process.

The e-commerce market is becoming increasingly competitive. Consumers have more choice than ever before, so one slip by retailers can result in customers defecting to a rival. Many factors influence a customer's loyalty, but the returns process is particularly important. It has been proven that implementing a good returns

process drives repeat orders and improves customer satisfaction. Research by Harris Interactive shows that 85% of customers say they will stop buying from a retailer if the returns process is a hassle and, conversely, 95% will return to the same catalogue or internet retailer if the process is convenient.

Despite this, some e-commerce businesses fail to even consider the returns process, with many leaving it to the customer to make their own arrangements to send items back. Some e-tailers (especially new ones) feel that because their business is small a returns process is unnecessary. Other companies put a solution in place but fail to give it the attention it deserves, meaning that customers are put off by inefficient and inconvenient processes. In fact, in order to encourage customers to make repeat purchases and promote growth, the principle of offering a returns service is important to e-commerce businesses of all sizes.

### Getting it right

Undoubtedly, the returns process needs to be carefully thought out. So how do companies ensure that their function will meet customer expectations at the same time as being workable for the business?

There are three key considerations here. First, the system needs to be easy to implement. This involves

being scalable so that as the business grows the system can keep pace with increased traffic. Ideally, if the business is operating in different countries, the system will be rolled out under a single platform. This will not only create consistency for customers but will also reduce implementation costs.

Secondly, whether dealing with international or domestic mailing, it is important that the process is cost effective – whether the service is offered free of charge or at a cost. There can be import and duty considerations for customers located outside the EU, so it's important that the system is set up correctly in the first place to ensure that the company is complying with regulations and that these costs are considered from the outset.

Lastly, it's important to step back and view the process from a customer perspective, to ensure that it's easy to use and reliable. Systems should be tested and tested again before being rolled out to the market.

### Cross-border returns

As many companies seek to expand outside the UK, the subject of how to manage returns across borders is becoming more prevalent. Considerations that companies already make for their UK customers are more complicated when applied to customers abroad. Here are some key areas to look at when implementing a cross border returns process:

- How easy it is for the customer to return items, for example, where will the drop points be?





- How will the costs involved in returning the parcels to the UK be managed?
- How long will the process take - how long will the customer have to wait for a refund or replacement item?
- How can items in the system be tracked?
- How can the rate of returns by market be monitored?
- How can stock re-integration be managed?
- How easy it is to implement the system?
- Is the system scalable and can it grow with your business?
- Are there considerations surrounding re-importing items back to the UK from non-EU destinations?

considerations for customers outside of the EU, and can advise on meeting these specific requirements.

The best providers will tailor the solution to the business, customising it to deal with national and regional differences where necessary. It should also be possible to integrate with existing IT systems and logistics providers to ensure minimal disruption and cost. Ideally, the returns process should be integrated into the website on a white label basis, so that as far as the customer is concerned, everything looks and feels the same.

By outsourcing the returns solution (and potentially the main distribution as well), companies can concentrate on simply producing a good website and online shopping experience for their customers. For small retailers especially, this may be an attractive option.

E-tailers that ignore the returns process do so at their peril. As competition hots up, the returns process is likely to become increasingly important as customers seek the best

supplier. There are many considerations to take into account when developing a returns strategy. These not only include current requirements, but also how the business might grow, and whether the returns process can sustain that growth. This may include consideration of overseas expansion and how the company will manage cross-border returns and the ensuing complications.

Ultimately, the returns process needs to be tailor-made and carefully planned from the outset, to ensure that it works for the business and for the customer. Expert providers can help to ensure a smooth and efficient operation.

RLM

### Using a third party

There are a lot of considerations here which is why many forward-thinking businesses are partnering with an expert third party to plan and/or administrate the returns solution.

For example, the third-party provider should have a good handle on any tax and duty



Paul Galpin is Managing Director of P2P Mailing Ltd. P2P is an independent mailing and distribution solutions provider, as well as a consultant.

# BUSINESS SUCCESS HINGES ON LOCATION, LOCATION, LOCATION.

## A REMINDER FROM THE FOLKS IN UTAH, UTAH, UTAH.

Wondering how to succeed in the economic downturn? Maybe you should ask yourself where instead. Utah's centralized location makes it the ideal low-cost distribution point for the West. And Salt Lake City International Airport's 900 daily flights make our state easily accessible from anywhere in the country. For details about why Specialized Bicycle, Hershey, Procter & Gamble and many others value Utah real estate so highly, call **801.538.8769** or visit **business.utah.gov**.



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  - Find New Employees/Employers
  - Search Worldwide Directory of 3PSP, OEM/ODM and Retailer Companies
- Become Involved with Industry Committees
- Receive vouchers to attend RLA Conferences & Expos and Regional Seminars
- Discounts on Exhibiting, Sponsorships, Research and Advertising

To Learn how to obtain these plus additional benefits through membership call 1-801-331-8949 x40 or visit [www.ReverseLogisticsAssociation.org](http://www.ReverseLogisticsAssociation.org)



## Our Newest Members

### Platinum Members



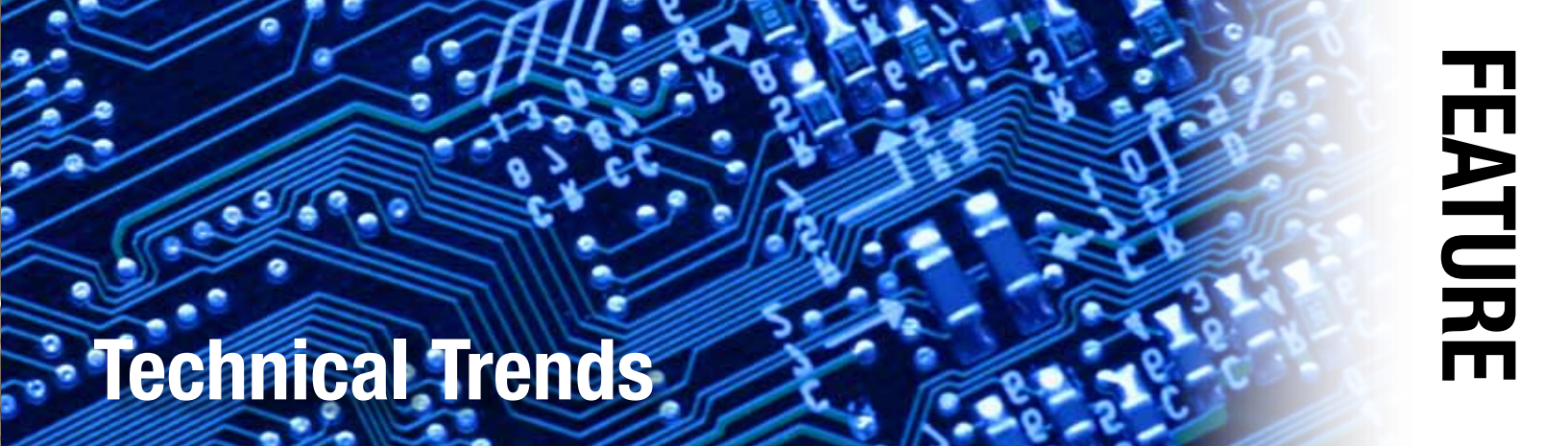
### Gold Members



### Silver Members







# Technical Trends

## The Baltic and Other Dry Things

Many of you will recall back in November of last year all the talk of blowout Q4 sales and the tremendous outlook for a turnaround to the economic malaise we are all struggling with. We later learned from ISM reports and the countless revisions of government guidance that the optimism was overblown. Managers and owners of RL Business' are maddened by all the confusing guidance and noisy comments regarding how to steer their business. In short there is a nothing out there that can be used to help form a successful business vision but a sea of meaningless consensus. What is needed is thoughtful conviction. Several weeks ago Thomas Welsh and I spent a few hours and a number of emails trying to get our collective minds wrapped around the current market directions and best structure that RL Services can target to be positioned for a profitable response to their Customers. We say response because we are always aware that RL is the tail of the forward distribution dog and being at the tail, the solutions must extract value and compliment the structure of forward logistics. Forward logistics is the key and forward logistics is centered in retail and retail is dominated by the big-box stores.

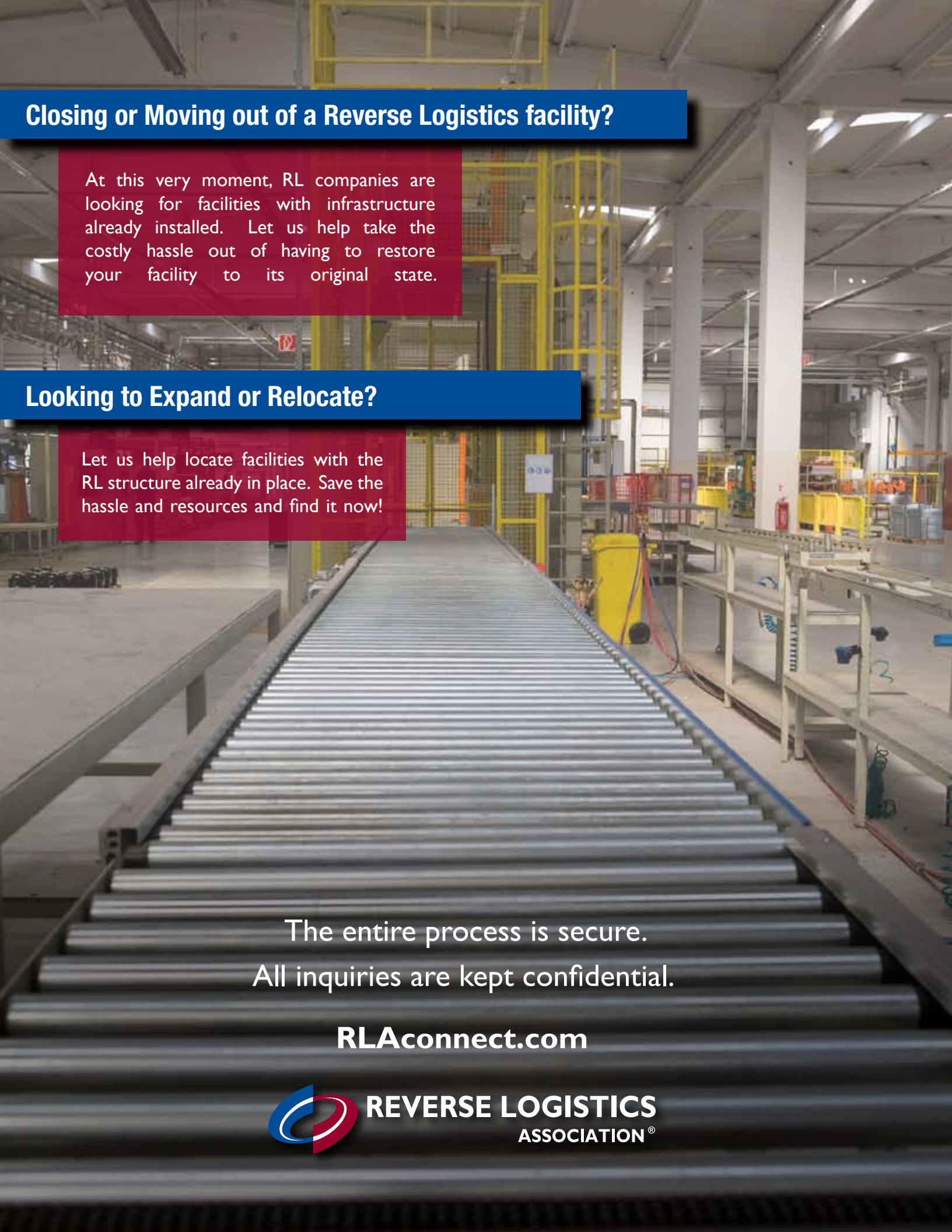
There have been a flurry of recent articles and commentary regarding the viability of the bricks vs. clicks business models. The growing concern

is that retail product delivery based on real estate, distribution and logistics is dying with no hope of recovery. By and large Thomas and I believe that statement is accurate and is being driving by trends in demographics and cost. In retail today we have several categories that have varying levels of price sensitivity. In general;

- Consumables/Commodities: Food, fuel, personal, utilities
- Customized: Fashion, pharmaceuticals
- High Value: Transportation, iPads, Jewelry
- Everything Else:

The last category "everything else" is where we want to focus. This is the predominance of products sold that drive the volumes and margins in retail. These are also the products that create the greatest challenges in developing profitable RL solutions. The root of the challenge is that most of these products have very little residual value because they are designed and specified to drive the greatest margins on the forward side. With all the value extracted at retail there is little to no value left in the product or brand to be value for any RL process. These products are destined for RL process' that use subsidized salvage and recycling as the primary value-add. Let me give you a very specific example. Many of you

enjoy grilling, have you ever heard of or seen a Q320? The Weber Q320 is one of the very best selling and highly rated outdoor grills on the market. The Q320 has held this position since 2008 and the vast majority of the sales of this product are internet sales. So why is this high-value grill not sold in retail? The short answer is margin erosion. The affect of most high-value products at retail is to erode the margin that can be extracted from competing products. That limits the total retained earnings the retailer can make. So the Q320 continues to be marketed under a very low key but sustainable sales model that brings that value back to the manufacturer not to the retailer. The truth is this, for a retailer to succeed they require significant sales from a 'proud mediocrity' of products. Without the sales of these low-midline products, margins are just not there to support the retail costs of distribution, labor and real estate. If the sales are strong and growing there is an ROI play from cashflow that will keep the retail model viable with lower margins. The current economic reality curtails the ability of ROI to support retail. In addition all the leverage in attempting to drive ROI, accomplished was to push costs back upstream to the manufacturers. These costs are then rolled-into the next year's sales price. When business is growing, that tactic can work. But business and sales are not growing. The Baltic Dry Index is one of those metrics that works



### Closing or Moving out of a Reverse Logistics facility?

At this very moment, RL companies are looking for facilities with infrastructure already installed. Let us help take the costly hassle out of having to restore your facility to its original state.

### Looking to Expand or Relocate?

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because it has trended the movement of goods from China for a long time and is free from wonkish tweaks seen in government data that later get revised downward when no one is looking. Take a look at the most recent Baltic Dry trend covering the last five years.

Notice we are now back at the volume not seen since late 2008. Meaning that the raw volume of goods from China (these make up the majority of the proud mediocrity) is not growing, it is declining. We are now trending to below where we were when we lost Lehman Brothers. How can retail forward logistics sustain a cost structure of real-estate and distribution designed to supported volume from 2008 be competitive today? It cannot. Which is why we see these big-box retailers scrambling to deploy internet sales business as fast as possible? This is really a movement back to the roots of retailing, catalog sales.

So what does all this mean for RL? It means that you need to be selective about what products you attempt to expend labor and materials in. If the product does not have top brand value, the retailer most likely extracted all the value at sale. The RL provider will have no hope of successfully using labor and materials to add-value to

these products. The truth is that most of the products are not worth any work other than salvage.

For the remaining product that has some retained-value primarily from the brand, the RL provider needs to find ways to reduce margin erosion. The number one cause of margin erosion is logistics and transportation. These costs come right out of margin and they are avoidable. For RL we need to find ways to deliver RL service that is more like a local copier repair provider and less like a 500 headcount repair depot. The act of shipping, added touch points, warehousing and delay just eats margin. These issues evaporate if the RL value-add is performed locally.

Consider this, the new product was sold in the same area it failed in, why not fix it there and place back into the market as fast as possible at the highest value? Then the question comes up about materials. If you still have to have a supply chain for parts why not compress that with a RL depot? Firstly because the benefit of the depot for materials will not offset the other costs. Second because you need to change the way materials are viewed. Rather than ordering new materials that disrupt the new product

manufacturing why not just harvest materials from the product itself?

For example, in cell phone product most of the units are a modular design. The key parts are the LCD assy, battery, case and processor. We need to be developing processes that harvest these good assembles, and rebuild them into useable product with light refurbishing. A good working product that has been buffed and touched up will bring more margin and retained earning than a working product with new plastics. Also consider that RL production lines creating demand for new materials disrupt the forward logistics supply chain and production schedules. Remember our Customers are primarily interested in selling new. Why would they sell you plastics at a low price, to help older product. They want to have cost structures that encourage the market to buy new. It is within these walls we must find a way to succeed. No easy answers here-this is a very tough business. But there is a way to better margins and it starts by better assessing the trends. As the day traders will affirm, the trend is your friend. Don't fight it. The trend to today is to generate local value-add, reduce logistics cost and better assess the product's residual value. Not everything is worthy of your RL value-add.

RLM



Underwood is Director, Supply Chain for Elbit Systems of America, a leading provider of high performance products and system solutions focusing on the defense, homeland security, commercial aviation and medical instrumentation markets.

Thomas Welsh: Services Cost Analysis, Lenovo

# Returning Thoughts

## Reverse Logistics: What the CFO needs to know

Demands these days on a CFO are tremendous; however there are few CFOs who will turn down the opportunity to increase their corporate profits. Reverse Logistics management is an emerging area that deserves some CFO attention because there are a number of significant opportunities to increase profits.

This article outlines, in executive summary format, why returns deserve CFO attention, where the profit opportunities can be found and other emerging issues product returns and reverse logistics that may require related CFO attention.

### Why Returns Need CFO Attention

Many companies are generating significant profits or savings from their product returns. Below are some sources that also believe that product returns and the reverse supply chain need more attention:

- **Harvard Business Review:**

“Even with reverse supply chains, forward thinking pays big dividends” in the article The Reverse Supply Chain.

- **Forbes Magazine:** “bottom line impact can be a huge one” in the article The Reverse Side Of Logistics: The Business Of Returns

- **Inbound Logistics Magazine:** “As companies strive to wring every cent out of their logistics costs, they’re increasingly taking a hard look at their reverse logistics practices. And no wonder -- they may find a motherlode waiting to be mined.” In the article Getting Started in Reverse.

- **Cisco Systems** recently created the new senior management role, Vice President of Reverse Logistics

### Reverse Logistics Profit Opportunities

Little attention has been placed on Reverse Logistics and the efficient management of product returns. Most returns attention has been focused on customer satisfaction issues, but a lot of opportunities exist to generate profits from the other areas of product returns processing. Several key areas to focus on include:

1. Value Recovery of the Returned Items – a number of excellent channels now exist to obtain much higher values for open box, refurbished, damaged and even scrap inventory. Speed can be critical to maximizing profits. Some electronic items can loose resale value at rates of 2-5% per week.
2. Ensure Valid Credits – issuing a credit for a returned item is a high value transaction, since it represents 100% of the amount the unit was sold for. Receiving product returns can be a difficult and challenging process. Without good systems, tools and processes, many unnecessary



credits may be issued without proper verification of the returned units.

3. Reduce Future Returns – significant opportunities exist to reduce the number of returning units by analyzing the “reason for return” or by working with your channel partners and retailers. Often small efforts in this area can achieve big results.

4. Reduce Returned Inventory – close monitoring of returned inventory can achieve large cost savings through lower carrying costs and more importantly, a reduction in the need to replenish stock with costly new units (rather than on hand or refurbished) for return replacement items. Three types of inventory must be monitored and managed: unprocessed returned goods, work in process goods and finished goods (refurbished and new). Visibility of all managed inventory at all locations and partner locations is critical to save costs in this area. Careful attention to turn around time for the full cycle of the returned item (not just the repair portion of the process) can also assist to reduce inventory levels.

5. Eliminate Bad Practices: Most organizations have not dedicated much time to

product returns handling or processing. As a result, there is a greater need to eliminate bad practices, than to seek best practices. A research study by Professor James Stock from the University of South Florida reported that companies received an average of 40% cost savings from simply mapping their internal returns processing.

### Emerging Reverse Logistics Issues for the CFO

There are a number of emerging reverse logistics issues the CFO needs to be aware of.

1. Sarbanes-Oxley – early SOX work seemed to have glossed over the warranty and returns area since it may not have been as material as other issues like revenue recognition. More attention is being focused now to tackle the discretionary areas of warranty allowance, reserves and inventory valuation, to ensure expenses are recorded in the proper periods. The recent defective laptop battery issue has made this area a major issue for Dell Computer’s financial reporting.

2. Financial Reporting – for public companies the SEC will soon be implementing extensible Business Reporting Language

(XBRL). Within this new standard will be rules for reporting warranty reserves and inventory values.

3. Environmental Regulations – new standards are introduced daily in the US and around the world. There is a very strong movement toward a full audit trails for the handling of environmentally sensitive items. With these new regulations arise new risks, responsibilities and potential liabilities to monitor closely.

Many CFOs have identified reverse logistics as a significant area of profit opportunity. Maybe it is time to review your return causes, return processes and returned inventories to identify your hidden profits and drive the necessary changes to capture them.

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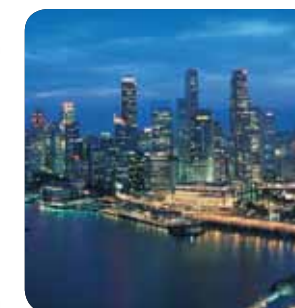
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