

REVERSE LOGISTICS DIGITAL magazine®

Reverse Logistics in
the Military Theater of
War - pg20



8th Annual RLA/RLTS Conference & Expo **AMSTERDAM**

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

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Mövenpick Hotel Amsterdam City Centre

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



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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.

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One Year Subscriptions:
Global: \$5.00

To unsubscribe email:
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BPA Worldwide Membership Applied for March 2009. Printed in the U.S.A.

ISSUE 4 VOLUME 7
REVERSE LOGISTICS MAGAZINE (ISSN 1934-3698) is published monthly for \$9.00/ per year by Reverse Logistics Association located at 441 W. Main Suite D, Lehi, UT 84043-2024. Periodical Postage Paid at Lehi, UT 84043 and additional mailing offices.

Edition 38 published April 2012.

The information presented in this publication has been provided by corporations and is believed to be accurate; the publisher cannot assure its completeness or accuracy.

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



Reverse Logistics Association Conference and Expo, Brazil 2012 Wrap Up

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Tuesday offered pre-conference workshops. Wednesday was the keynote address by **Jose Paulo Pereira, VP de Logistica, Walmart**, followed by sessions presented by RL professionals and leading academics.

Video



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Message from the Editor

After the 3rd Annual Conference & Expo in Sao Paulo, Brazil I travelled to Chile for some r&r. I decided I would take the 6 hour bus through the Andes mountain range to Argentina. Whilst viewing the majestic mountain range I noticed railroad tracks. I could have kicked myself for taking the bus rather than the train but then I quickly noticed that the track were not in service since the track was visibly in tatters. I asked a few locals about it and here is what I learned.

The railway has been out of service since 1984 after a long period of difficult relations between Argentina and Chile. The rails are still in place, at least wherever the track can be seen from the road, but in many cases there are rocks and other debris on the track. In some places there is significant avalanche debris covering the track completely.

With 1408 km of rail that lay dormant for some 30 years finally the Argentine and Chilean governments agreed to refurbish the railway and make it functional by the year 2012, at an estimated total cost of US\$460 million. However, progress has been slow so a group of international companies has been formed to carry out the project and both governments have agreed to support it.

“Compared to trucking, rail transit does sport higher efficiency numbers - today’s average train has an efficiency of 400 ton-miles per gallon whereas trucks currently hover around 130 ton-miles per gallon.”, says Rocky Mountain Institute, Maria Stamas. Railways have also been credited to gaining social vibrancy and economic competitiveness in its ability to move large amounts of people and cargo. Thus helping the economy and environment flourish.

If it ever reopens, this line could easily be listed as one of the most spectacular railway journeys on earth as well as carry some 80% of the freight between Argentina, Brazil and Chile.

Happy Travels!
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.

10th Annual RLA Conference and Expo Las Vegas 2013

America’s Premiere Reverse Logistics Event

February 9-13, 2013



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

Make plans now to join us for the 9th Annual Reverse Logistics Conference and Expo on February 9-13, 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.



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CONFERENCE & EXPO



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



Message from the Publisher

OUT SOURCING OF NON-ESSENTIAL FUNCTIONS

Our staff at RLA just returned from the RLA Conference & Expo in São Paulo, Brasil. It is always fun to travel to other parts of the world to see how professionals in RL manage their day-to-day operations. We had great success with debate about best practices and discussions on RL tax laws and trade compliance issues, please take a look in this editions for details.

Outsourcing; I want to review with everyone the importance of outsourcing departments and functions that are non-essential to your company mission while still being important to corporate objectives (example: repair/screening vs customer satisfaction). Your company needs to sit down and review these two areas; non-essential vs corporate objectives.

Once you have finished a valid review, management can see graphically the departments/functions that are not a company core discipline, lacking in meeting corporate objectives or overhead cost doesn't justify the practicality of internal existence in your company.

Measurements of these functions are paramount to customer satisfaction while eliminating overhead cost. Here are some helpful tools;

1. Out Sourcing Process
2. Workshop Material for Successful Outsourcing

No matter what your approach, make sure that you create a climate for success, if you haven't outsourced before, then find a consultant that can help you. There are consultant firms that have helped so many companies in the outsourcing process. But you will have to look around to find a good one with experience. Here is another helpful tool that RLA has for our members to find a good consultant.



Gailen Vick - Founder & Executive Director
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

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 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



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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Think out of the box to reduce the cost of retail returns

by Justin Clarke, MGH Consulting

BACKGROUND

The retail market for consumer electronics remains challenging; according to the US Consumer Electronics Association and GfK, consumer electronics growth in West Europe is expected to decline by 3% in 2012,

following a sluggish 2% growth in 2011. No wonder that manufacturers and retailers are under continuous pressure to reduce costs, increase sales and improve profitability. The natural response for many businesses is to focus investment on their brand

and gaining market share, but unless businesses pay attention to managing the cost of returns, all the benefit of brand investment can easily be lost in reverse logistics costs.

From smart phones to web enabled TVs new product development drives consumer demand, but product complexity comes with its own support challenges as consumers grapple with potentially unfamiliar technology. Everyone loses when a consumer returns a product that ultimately turns out to be no fault found; the consumer has a poor brand experience plus the retailer and manufacturer have the cost of processing the return. It is therefore of crucial importance that retailers make the right ranging selections and post sales support contract decisions. Likewise manufacturers need to ensure reverse logistics processes correctly match product value and complexity.

Improving reverse logistics doesn't have to be about starting from scratch, incremental improvements may be all that is required. In this paper we challenge some of the commercial norms that directly influence reverse logistics and give guidance on getting the best from reverse logistics processes.

RETAILER RANGING DECISIONS

A common retailer strategy



Incremental improvements in key areas may be all that is required to minimise reverse logistics costs

is to build a good/better/best sell up model per category, where the entry 'good' product carries the retailers own label brand and the 'better/best' offerings are from established manufacturers. With own label products moving into markets previously been the exclusive preserve of established brands retailers need to provide support services and processes that match those of the brands being displaced.

Whether managed in house or outsourced to a third party service provider, the costs of these services have to be identified and correctly attributed to product profitability. Best practice retailers include the reverse logistics investment in own label product lifecycle costs, to ensure accurate and profitable ranging decisions between own label and branded solutions.

WHEN TO OPT FOR BOUGHT OUT GUARANTEE

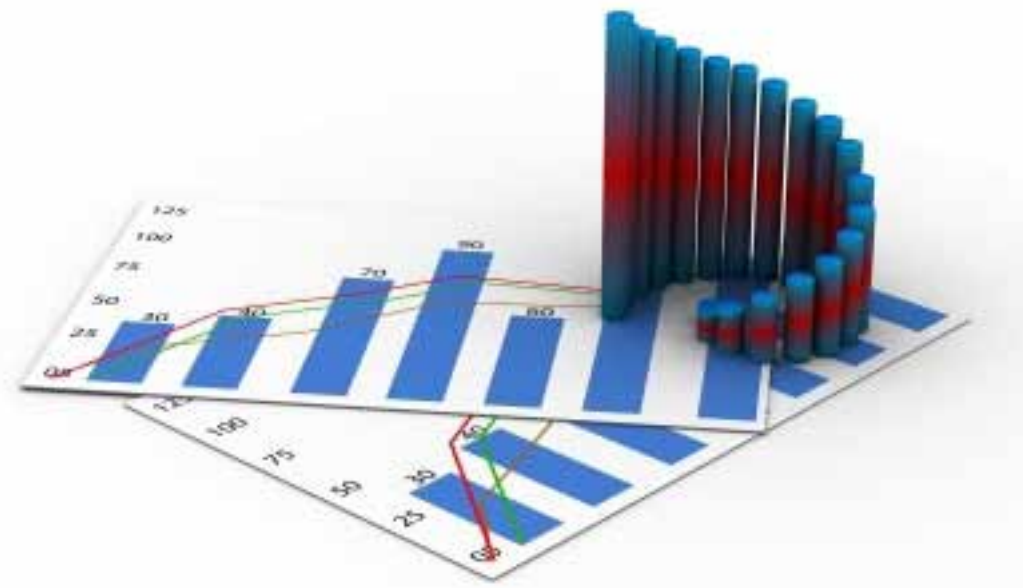
A successful reverse logistics

process that provides the right level of support to consumers as well as minimising cost and maximising recovery for both retailers and manufacturers only works if the process is treated as a partnership by both retailers and manufacturers.

Bought Out Guarantee (BOG) has historically been associated with low cost, own label and OEM business. However, it can have a role to play for mainstream manufacturers as well; as a way of reducing the overall cost of reverse logistics, for specific classes of products, for retailers that have a significant reverse logistics capability and for retailers who have their own very specific warranty terms for consumers.

Every touch point or goods movement for a product return carries a cost for the retailer or manufacturer. Managed correctly, BOG can reduce the number of goods movements and so the overall reverse logistics costs, benefiting retailers and manufacturers and also reducing the environmental impact.

For products where repair is not viable and scrapping is the



only reverse logistics solution, BOG is ideal. Retailers cover the cost of replacement and disposition from their BOG allowance - negotiated either as a discount on invoice price or as oversupply. Best practice retailers use benchmark average return rates as the starting point to negotiate BOG terms, with clauses to offset the risk of epidemic product failure.

For niche or low volume manufacturers, retailers may be able to negotiate better rates for post sales support and repair than the manufacturer can achieve, with the intervention costs charged back to the manufacturer as part of the BOG terms. Best practice manufacturers will retain control of technical training and auditing of

service providers and use a balanced scorecard to measure performance.

BOG should also be considered by manufacturers in certain instances even though they may have an established reverse logistics infrastructure. Some retailers set a price threshold below which the warranty policy is to replace rather than repair, in which case BOG should be considered in order to control reverse logistics costs. Best practice manufacturers will ensure that product disposal by retailers does not impact the manufacturers' brand or sales in other channels.

SELL SMART

The risk of high product returns starts with forecasting and purchasing. Both for

manufacturers and retailers there is the temptation to secure better pricing through committing to higher volumes. If these volumes cannot be sold they will likely come back as returns. The message is clear; only purchase what you know you can sell.

Promotions clear slow moving inventory, but is this necessarily the right solution? Retailers and manufacturers need to compare the lifecycle costs of a promotion and benchmark against the cost of disposition through reverse logistics channels. In many cases disposition will have the least impact on margin and brand value.

KEEPING IT SOLD

Various studies have shown that 60% plus of product returns are No Fault Found (NFF.) Just reducing the NFF rate will have an immediate impact on the bottom line. The key here is to provide consumers with the right tools and information for self-help, to ensure that returning the product to store is the last option. By the time a consumer has packed up a product and returned it to store they will not look favourably on being asked to check a web site or contact a call centre; in these situations it is most likely the retailer will end up

crediting the customer anyway. Reducing the NFF rate starts with providing the correct product support information; do the in-box instructions clearly guide the consumer through product installation and use?

Customers need to be guided to web sites for additional information and ensure that the information is relevant and topical. Include FAQ's, information about known problems and their resolution, 'how to' guides and links to software upgrades.

Customers should be guided to call centre support as an alternative to or escalation from web site support. The key here is to ensure agents have the right level of product technical competence and the call centre is structured with lines of support; first line to solve general set up problems and a technical second line to guide users through more detailed interventions.

Call centre reporting and feedback improves the training and tools for call centre agents. By way of example a consumer electronics manufacturer noticed that a significant number of calls concerned interconnectivity.

This led to the development of a connectivity database – callers listed the products they wanted to link together and the type/number of connections on each. The database would then produce a connection diagram which could be emailed to the caller. This improved the consumer experience and lowered the call handling costs.

Best practice manufacturers and retailers use call centres as the first step in the returns process to screen for genuine faults and issue a returns authorisation to the customer, which will be required before the retailer accepts products back. Tracking the number through the returns cycle ensures continuous improvement of the fault diagnosis process; the fault as reported by the customer can be compared to the call centre diagnosis and to the actual fault found on the returned product.

MAXIMISING DISPOSITION

Maximising the recovery from the disposition of returned products starts with the condition in which products are received back from the channel. Are products complete with original accessories and packaging? Is adequate care taken to correctly pack products for transport to prevent damage? A service



70% Discount

level agreement between stakeholders may be required to ensure policies are clearly communicated and adhered to. Once a returned product is back in the warehouse the priority is to take action to dispose of it. The longer it remains unsold the less the recovery.

For companies in the technology business, disposition typically comes down to a choice between recycling, re-using, refurbishing and brokerage. The decision as to which disposition process to implement depends on the type of product and the recovery that can be realised from each process.

Recycling is potentially not the low cost solution for

disposition that manufacturers imagine; re-processors charge for the collection of materials to be recycled and there may well be a further end of life disposal cost through WEEE legislation.

Re-using gets returns back into the supply chain as swap stock for warranty interventions. The cost of product testing and dismantling associated with re-use should be justified against the reduction in warranty intervention costs. Best practice companies will use the testing associated with re-use to identify faulty third party components and return these to suppliers for credit, further maximising recovery.

Refurbishing for re-sale ensures manufacturers have

full brand control in the disposition process and, assuming refurbished products are sold at a discount over 'new' product, will attract new consumers for whom the brand was previously out of reach. Refurbished product can also be used as an alternative to discounting new stock to support retailer sales promotions. Manufacturers should consider setting up their own direct sales store for refurbished product; alongside retailers in outlet centres or online, through eBay for instance.

Brokerage is the fastest way to clear returns from inventory. At its simplest product is sold by the pallet or by weight, typically untested. At its most complex manufacturers filter products into batches of like

products in like condition. Retailers with high volumes of bought out guarantee products or returns that have been rejected by manufacturers should consider brokerage solutions to clear returns inventory. Manufacturers should use brokerage when other disposition routes are at capacity. Best practice sellers will control the process by only working with authorised brokers who have signed an SLA to control how products are sold-on by the broker. Depending on product type it may be appropriate for sellers to manage the brokerage through an on-line auction or sealed bid offers.

SUMMARY

Better management of returns can significantly contribute to retailer and manufacturer profitability targets. But this can only happen if after sales is considered an integral part of the business planning. That means including after sales strategy as part of ranging decisions and matching the service proposition to consumer expectations and retail ways of working. Providing returns avoidance tools for self help and making the correct choices for disposition minimise the impact of returns on profitability

RLM



Justin Clarke, Senior Project Manager at MGH Consulting has considerable experience

in a variety of marketing and commercial based positions that include operations, marketing, business development and people management, gained in a career working for a variety of blue chip high technology and IT companies including Philips, NEC, Toshiba and Fujitsu.

Is your company being Robbed?

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



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To learn more visit: www.RLA.org

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



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Reverse Logistics in the Military Theater of War: Managing the Deficit

by Major Christopher Baker

Reverse Logistics in the Military Theater of War: Managing the Deficit

Major Christopher Baker
15 March 2012

The military application of reverse logistics is a balancing act where efficiency, responsiveness, flexibility and risk are all

key players that must be addressed when determining both how and when to apply reverse logistic operations. Additionally, theater level operations face a race against a growing deficit. Each additional item that enters the theater, without removal of something else, is one more in the theoretical

pile that must be accounted for and dealt with at the conclusion of the effort. Today, the military finds itself in a position to learn from recent observation and begin shaping the future based on what has already changed, needed changes, and needed enablers to influence the change.

Reverse logistics in current Army doctrine is explained by the need for assessment of unit equipment, nominations for early retrograde, and recovery of non-expendable items from the battlefield. These tasks are primary charged to the tactical, or smallest level of command, for execution. Admittedly, planning is the pivotal gap that is preventing the process from functioning effectively. Units retrograde materials based on either opportunity or requirement. In this way, the process is reactive rather than proactive. As mentioned earlier, the responsibility for retrograde rests largely at the tactical level (Companies

and Battalions) with operational level (Brigades and Corps) making final decisions. Theater/strategic level assets, often relying on commercial industry for surface or air transport, are then required for final transport of the equipment. Simply put, reverse logistics in the Army today is a bottom-driven, reactive process.

Under the current system above, it is important to examine today's situation and the changes that have occurred to modern Army logistics. The historic approach to logistics in

theater was to stockpile supplies in the rear area for movement to the front lines when needed. This method is referred to as the "iron mountain" approach. Increased communications technology and partnership with commercial industry has allowed the Army to transition to a requirement-based system where needs can now be ordered and shipped direct to the forward edge of the battlefield. This new approach can be called "just in time logistics." Ordering and delivery processes have seen great improvements in the past decade with practical application from the US and Europe to Kuwait, Iraq, and

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Afghanistan. The expansion and use of Theater Provided Equipment (TPE) is another factor in the logistical innovation. Following the initial inflow of combat vehicles into Iraq, additional rotations of forces used equipment left in place by the outgoing units. Logisticians were able to focus on repair and rebuild operations rather than on the movement of bulk equipment in and out of theater. Changes in the methodology and execution of logistics in the theater of war have allowed the military to maximize forward movement of supplies and

they position the logisticians to shift focus and examine the reverse process.

In order to facilitate reverse logistic operations, the military must change some of its current practices, increase communications to drive decisions, and empower decision makers at all levels of the process. Under current structure, the Army relies on the Modified Table of Organization and Equipment (MTOE) to outline the people, equipment, and capabilities that a certain type of unit should have on hand. The MTOE is an

important foundation for standardization in Army structure. When the force commander in a theater of war requests a capability, the deploying unit may be augmented or modified from MTOE to meet that mission or Request for Forces (RFF) requirement. MTOE equipment deployed to theater that is determined to be unnecessary for the RFF mission is an immediate candidate for reverse logistics, but these items are seldom removed before the unit completes mission and may still be left in theater because the excess equipment is not properly identified. Communication is the initial breakdown in the process that should occur. Unit commanders manage their equipment with the aid of property book officers (PBO). These players only have the option to return the unneeded MTOE equipment to origin, where it will be used to reset the unit after the deployment, or they may go through a very deliberate process of transferring to an adjacent unit. This severely limits the reverse logistics process because there is no flexibility to redistribute or distribute the property in more efficient ways. Despite acting as a roadblock to reverse



FIGURE 1: CIVILIAN CONTRACTORS LOAD A PALLET OF AIR-CONDITIONS ONTO A 411TH TRANSPORTATION DETACHMENT LOGISTIC SUPPORT VESSEL, OF THE 1ST THEATER SUSTAINMENT COMMAND, ATTACHED TO THIRD ARMY. THE EQUIPMENT WAS PART OF A LARGE LOAD OF CARGO THAT INCLUDED MINE RESISTANT AMBUSH PROTECTED VEHICLES AND OTHER KEY EQUIPMENT THAT WILL BE RECONSTITUTED FOR FUTURE OPERATIONS IN SUPPORT OF THE OTHER OPERATIONS IN THEATER. (BY SGT. DAVID J. NUNN)

logistics, these policies are important for two reasons. First, the unit must be able to efficiently reset following the mission and return to the standardized structure for readiness as quickly as possible. Second, the RFF is a requirement made during planning or execution that is subject to change. A unit that narrows its equipment structure to the specific RFF requirement, rather than MTOE, may not have the flexibility to be remissioned in theater to something that

would otherwise be met by their MTOE structure. Changes to increase reverse logistics options are needed but require risk assumption to possible changes of mission or extended reset timelines.

As described above there are limitations to reverse logistic operations for MTOE equipment, but the vast majority of US owned equipment in Iraq as the drawdown began were

theater provided equipment (TPE) or non-standard equipment (NSE). TPE included those military items that units were provided upon arrival in theater for mission that were passed to the incoming unit on redeployment. NSE included any host of equipment that is not standard to the Army. This included anything from civilian style utility vehicles and fire trucks to gas generators and television screens. Unlike the MTOE items, this property required



FIGURE 2: THE SOLDIERS OF THE 1185TH DEPLOYMENT DISTRIBUTION SUPPORT BATTALION ARE SUPPORTING THE RESPONSIBLE DRAWDOWN FROM IRAQ EVERYDAY AS THEY PERFORM THEIR DUTIES AT THE PORT OF SHUABIA, A SEAPORT OF DEBARKATION LOCATED IN KUWAIT. (BY SGT. DAVID J. NUNN)

a final disposition to leave the theater. The Army required enablers that would allow the military to maximize the process through management and communication. Two organizations that are relatively new to the Army, but made a great impact on the Responsible Drawdown mission in Iraq are the Army Field Support Brigade (AFSB) and their Retrograde Property Assistance Teams (RPAT). The RPATs provide a direct communication link between the unit on the ground and the materiel managers both in theater and in the US. Deployed and managed by the AFSBs, the RPATs facilitate the process by aiding the

units in identifying the equipment for retrograde and communicating specifics of the equipment for determining future disposition. The Army Service Component Command, Army Materiel Command, and the Army Staff decide the future disposition of the equipment in a coordinated effort. RPATs on the battlefield made a great impact on the Army's ability to conduct reverse logistics.

The high levels of command that are enabled to review the items for retrograde and decide the future disposition have a wide array of options at their disposal. Each item

accounted for in Iraq for example had the potential for eight major choices:

1. The item could be redistributed within theater. This includes transfer to another unit in Iraq, Afghanistan, or Kuwait.
2. The item can be shipped back to the US for use by a specific Army unit.
3. The item can be shipped back to the US for use as training equipment.
4. The item can be placed in Army Prepositioned Stocks (APS) as part of those groups of equipment that are strategically placed global to decrease response time.
5. The item can be transferred or sold to a host nation such as Iraq or Afghanistan for their government or military use.
6. The item can become part of the Foreign Military Sales Program (FMS) where it is sold to a partnered nation.
7. The item can be returned

to the US under a program such as the National Association of State Agencies for Surplus (NASAP) for state government or National Guard use.

8. Lastly, the item can be demilitarized and disposed of or recycled if the other options are deemed unsuitable.

Each item in Iraq had to be screened against these disposition options as the final units left Iraq. When the Obama administration gave the order to begin the withdrawal from the country in 2009, about 3.2 million items of equipment in Iraq needed to be redistributed.

This was a monumental undertaking that requires clear communication at all levels and showcased the abilities of the AMC enablers on ground in the theater. Once the task of determining disposition is completed for each item, the logisticians are able to leverage the full transportation power of the materiel enterprise that includes military surface and air, as well as relying heavily on commercial partners and local contracts, to complete the movement. Whenever possible, the military made use of returning assets and backhauls from other deliveries to add efficiency to the process. The problem that arises with reverse logistics at this phase is the disparity of items that need

to go in one direction far outweighing the need for opposite transportation.

The disparity or difference in directional shipment needs should be the focus of military logisticians in the future as they attempt to make better use of reverse logistics. During the initial deployment to the theater, large shipments are pushed in while very little is removed. The military then goes into a steady state of operations where sustainment supplies are shipped in and the theater stocks and non-standard property on hand expands. This phase of the operation holds the key to reducing the deficit that builds during the overall operation leaving the military with a

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FIGURE 3: THE PORT OF SHUABIA, A SEAPORT OF DEBARKATION LOCATED IN KUWAIT. THE BATTALION IS TASKED WITH MANAGING PORT OPERATIONS AND AIDS THIRD ARMY IN COORDINATING WITH MANY AGENCIES AND ORGANIZATIONS TO ENSURE THE SUCCESS OF THEIR MISSION. (BY SGT. DAVID J. NUNN)

mass of equipment needing disposition and transportation out of the theater in the end. The growing deficit also challenges timetables and reduces the viable options available to decision makers when determining disposition. As outlined in this article, the modern military has made changes to its logistics operations, methods, and organizations that facilitate reduction and prevention of a growing stockpile in theater. The military is now faced with communicating throughout the process and prioritizing reverse logistics during sustainment planning. The final factor that remains to commanders is operational risk. Redistributing items or transferring them out

of theater can decrease capabilities and flexibility of units on the battlefield. As the logisticians continue to advance, they must be constant dialogue with combatant commanders to weigh flexibility risk against drawdown deficit risk. Future reverse logistics in the military will require full team effort.

In conclusion, the today's military has undergone transformations in logistics and created enablers to influence the needed changes for maximizing reverse logistics. It has recent lessons learned that can be applied to the future to increase efficiency and minimize the equipment deficit that builds

in theater from delivering more than removing. Future success will come from identifying retrograde items, weighing operational risk, understanding disposition options, and making informed decisions though planning and communication.

RLM



Chris is an Army logistics major with 11 years of active duty experience.

He has participated in three deployments to Iraq and Kuwait in support of Operations Iraqi Freedom, Enduring Freedom, and New Dawn. His command experience includes a Forward Support Company in the 82nd Airborne Division and he has served in staff positions at the Battalion, Brigade, and Army Staff level. Most recently he worked as a mobility planner and as the executive officer to the G4 for US Army Central / 3rd Army at Fort McPherson, GA and Camp Arifjan, Kuwait. Chris can be contacted by email at christopher.baker4@us.army

Read the Press

Microsoft and Movidio Forge Global Cloud-Based Strategic Alliance

Redmond, WA & Hong Kong—22 March 2012—Microsoft Corp. and Movidio Pty Ltd. today announced a four-year strategic agreement in which Movidio will migrate its integrated online video platform to Windows Azure to drive business growth across Asia Pacific (APAC) and beyond.

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E-Waste Systems, Inc. CEO Contributes to iPhoneAppCafe.com

London & Columbus, OH—24 April 2012—E-Waste Systems, Inc. (EWSI) received global exposure today, as the Company announced that CEO Martin Nielson provided thought-leadership commentary in an article published on iPhoneAppCafe.com. The link to this article and others can be found on www.ewastesystems.com.

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Cycleon opens office in Singapore for Asia Pacific region

Singapore—24 April 2012—Cycleon announces today the opening of an office in Singapore in order to develop reverse logistics solutions throughout the Asia Pacific region. Cycleon already operates for the world's largest webshops and electronic manufacturers in Europe. The Cycleon system provides easy access for end users to return their product.

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Tesco renews contract with Norbert

23 April 2012—Tesco has once again renewed its contract with Norbert Dentressangle for the management of 12 Recycling Service Units (RSUs) throughout the UK and Ireland.

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It's time to learn the real dangers of non-compliance...

23 April 2012—Our logistics providers are changing. Name the problem, they find a solution. But is that solution always legally compliant? Or just

convenient? Or are governments simply too scared to take on big business?

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Inmar CEO's Earth Day Message: Solutions that are responsible environmentally and fiscally are truly sustainable

Winston-Salem, NC—20 April 2012—Saying that Inmar was environmentally friendly before sustainability was cool may sound corny, but leading manufacturers and retailers have depended on Inmar's solutions to help promote regulatory compliant handling of their products, reduce risk and lower the impact of inefficient processes since the company began processing coupons and product returns more than 30 years ago. Today, Inmar holds numerous awards for its green solutions, which are offered through all three of its commerce networks – Promotion, Supply Chain and Pharmaceutical.

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Best Buy Board Appoints CEO Search Committee

Minneapolis, MN—20 April 2012—In keeping with its commitment to run an open and transparent search process, the board of directors of Best Buy Co., Inc. is announcing the membership of a CEO search committee. The committee will oversee a global search process to identify internal and external candidates, including current interim CEO Mike Mikan, who will bring new leadership to the company. [CLICK HERE](#)

Defense Information Systems Agency Selects HP to Enhance Assessment of Networks for Vulnerabilities

Palo Alto, CA—20 April 2012—HP today announced that the Defense Information Systems Agency (DISA) has selected HP Enterprise Services as the prime contractor for a program that will provide analytics to enable the assessment of U.S. Department of Defense (DoD) enterprise networks and connected IT systems against DoD standards, as well as any known system

vulnerabilities. [CLICK HERE](#)

Businesses increasingly adopting e-invoicing to improve supply chain visibility

20 April 2012—According to a recent study sponsored by Syncada from Visa, more organizations are choosing to implement e-invoicing in their financial supply chains in an effort to reduce processing costs, help meet green business initiatives and improve visibility. [CLICK HERE](#)

Avnet Integrated Resources' ROUND2 INC., Partner of the Denver Broncos, Will Host 2nd Annual Electronics Recycling Event in Denver

Austin, TX—17 April 2012—ROUND2 INC., an Avnet company within Avnet Integrated Resources and leading eRecycling service provider announced today, along with the Denver Broncos, that it will be hosting an event in Denver where the public can drop off their old and unwanted electronics for recycling. The event, known as the Recycling Round-Up, is in its second year and will be held at Sports Authority Field at Mile High on April 21st, 2012, from 9:00 am to 5:00 pm. [CLICK HERE](#)

BrightPoint Americas Renews Exclusive Distribution and Logistic Services Agreement With Open Mobile

Indianapolis, IN—18 April 2012—Brightpoint, Inc. ("BrightPoint"), a global leader in providing device lifecycle services to the wireless industry, today announced that its subsidiary, Brightpoint North America L.P. ("BrightPoint Americas"), has renewed its exclusive services agreement with PR Wireless, Inc. (dba "Open Mobile") to provide distribution and logistic services to support Open Mobile resellers and end-user customers in Puerto Rico.

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RLA SÃO PAULO, BRAZIL 2012 RECAP

REVERSE LOGISTICS ASSOCIATION CONFERENCE & EXPO

SUCCESS AT LATIN AMERICA'S LARGEST REVERSE LOGISTICS EVENT!

The Reverse Logistics Association held its Third Annual Latin American Conference and Expo April 17th - 19th in Sao Paulo Brazil.

Attendance blew away all expectations With over 50 companies represented! Companies like Azul Airlines, Dell, Motorola, Nokia, Grupo Pão de Açúcar, 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 4th Latin American Conference next year!

HIGHLIGHTED SPEAKERS



Felipe Ortiz
Administração - Logística Reversa
Grupo Pão de Açúcar



Aline Salles
Diretor de Logistica
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Orlando Cattini Junior
Professor - Head of Production and Operations Mana, EAESP-FGV



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JOSE PAULO PEREIRA
VP DE LOGISTICA, WALMART

Sustentabilidade na Cadeia de Suprimentos do Walmart Brasil *Sustainability in the Supply Chain of Wal-Mart Brazil*

Case de sustentabilidade no corrente de suprimentos no varejo do Walmart Brasil. Terá foco em iniciativas, pilar da CIA mais sustentável desenvolvido estratégico, como diferenciam do negócio.

Case of sustainability in the retail supply chain of Wal-Mart Brazil. Will focus on initiatives, CIA pillar of sustainable developed more strategic, as distinguished from the business.



"Participation in this event, and in the committee meetings, provides a opportunity to share with executives and colleagues, the problems, ideas, and proposed solutions to real problems in business and government. Thank you RLA for providing this open environment to bring together all types of sugestions from the varied participants."
- Professor Orlando Cattini Junior, EAESP-FGV

"It was a great opportunity to get to know other businesses that experince the same problems that Philips and start a dialoge to find new solutions, either for solving current problems or finding new partners to work with."
- Marcio Silva, Consumer Services Manager, Philips



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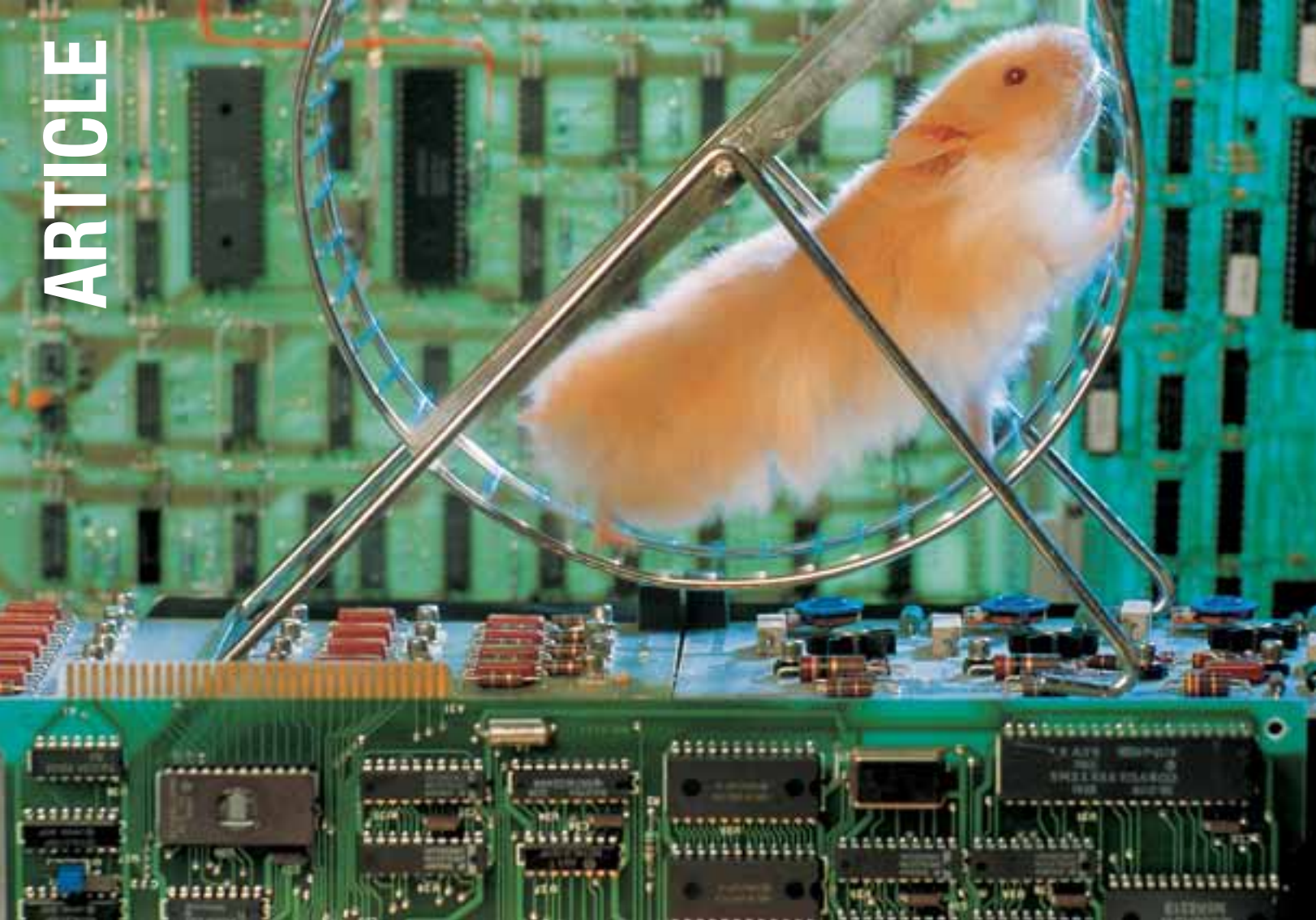
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Why should I consider IT Asset Recovery?

by Derek Rogers

Because of legislation that impacts the disposal of older, out-dated network and data centre assets, it has become a reason that many executives are asking “why should I consider IT asset recovery?” Since most business organisations don’t have the necessary resources to carry out disposal of this equipment in a reliable and secure manner, they are considering IT asset recovery services. These can make sure that important data is disposed of in a secure manner and your equipment is disposed of in an environmentally correct way.

Most IT assets or computer equipment can pose environmental risks and cause legal liability issues, if not disposed of properly.

The responsible recycling of electronic scrap, also known as eScrap, involves dismantling, CRT glass separation, shredding, final sorting, commodity sales and reporting. It is becoming increasingly regulated and more difficult to be in compliance with proper disposal and documentation of out-dated IT assets.

Many companies are hiring IT asset recovery companies to handle all of the red-tape issues involved, when updating their computer networks, transferring important data and disposing of the old equipment. These companies can handle the vertical integration of disposal from pickup through recycling and control the chain of custody to help reduce liability risks.

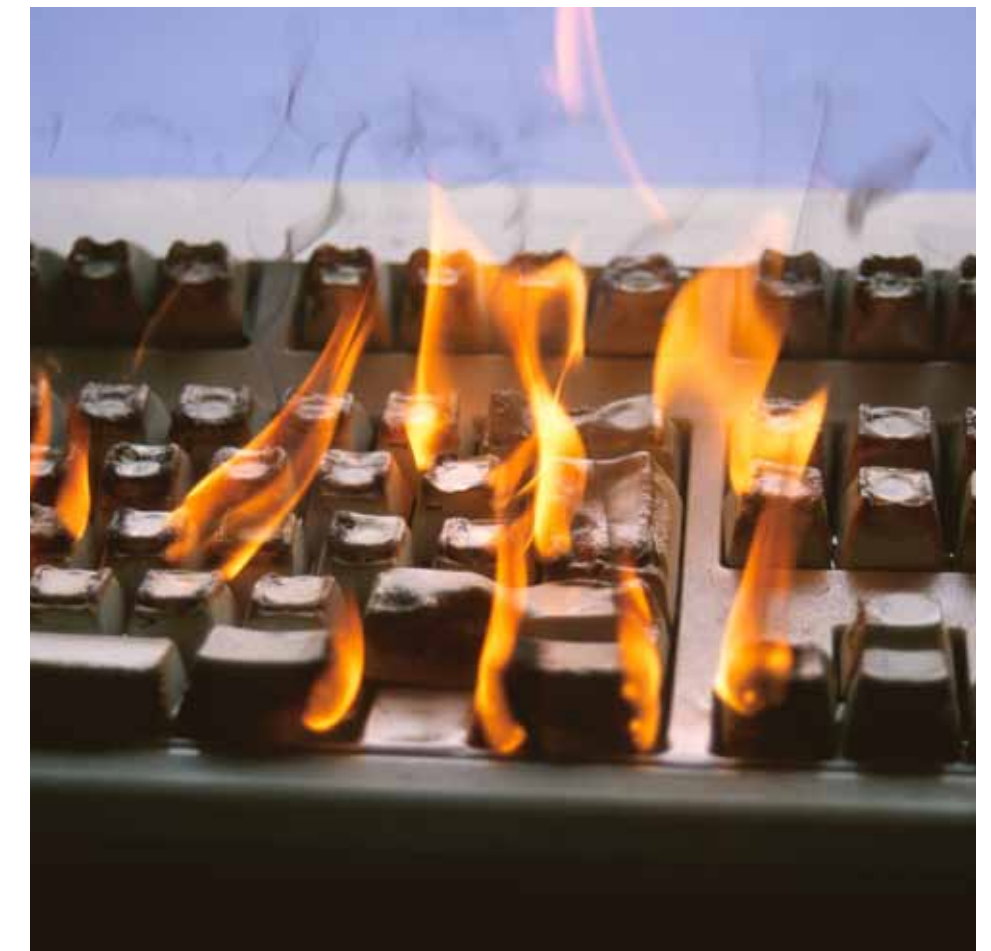
Information needs to go through asset recovery logistics, tracking, test and audit, data erasure and destruction, as part of the IT asset recovery, to manage the retired assets efficiently and securely. It takes a wide range of services in IT asset

recovery to ensure that you are in compliance and the data contained on the old equipment is secured and erased for security reasons.

Even if some of the old IT asset equipment can be resold, you still need to be assured that your confidential data cannot be retrieved, especially in the case where you have business transactions that contain confidential or financial information.

Eliminating old and out-dated network equipment is more complicated than just throwing it in a dumpster or deleting files and worksheets. Because the data is burned onto the hard drive of computers, it is possible for a person to retrieve data that you thought had been deleted.

Some hard drives make a backup copy of data, even when the drive has been wiped clean and reformatted.





are subject to stringent laws on compliance for data erasure and correct disposal or recycling of the equipment. The best and most cost efficient way for most businesses is to hire the services of an IT asset recovery company, when upgrading their system, or disposing of outdated network assets.

That is how law enforcement is able to retrieve previously deleted information on criminal computers.

IT asset recovery companies know how to safely dispose or transfer the data and

Because the legal ramifications on compromised data can be extreme and compliance on environmental regulations carry stiff penalties, the most assured and competent way to dispose of IT assets is through a reputable IT asset

recovery firm. They will handle all of the necessary tracking to be sure you are in compliance and that you can rest assured that your confidential information is kept secure.

RLM



Derek Rogers is a freelance writer who writes for a number of UK businesses.

For information on Asset Recovery and secure data disposal, he recommends Network 24.

<http://www.network24.co.uk>

Money Talks

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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.

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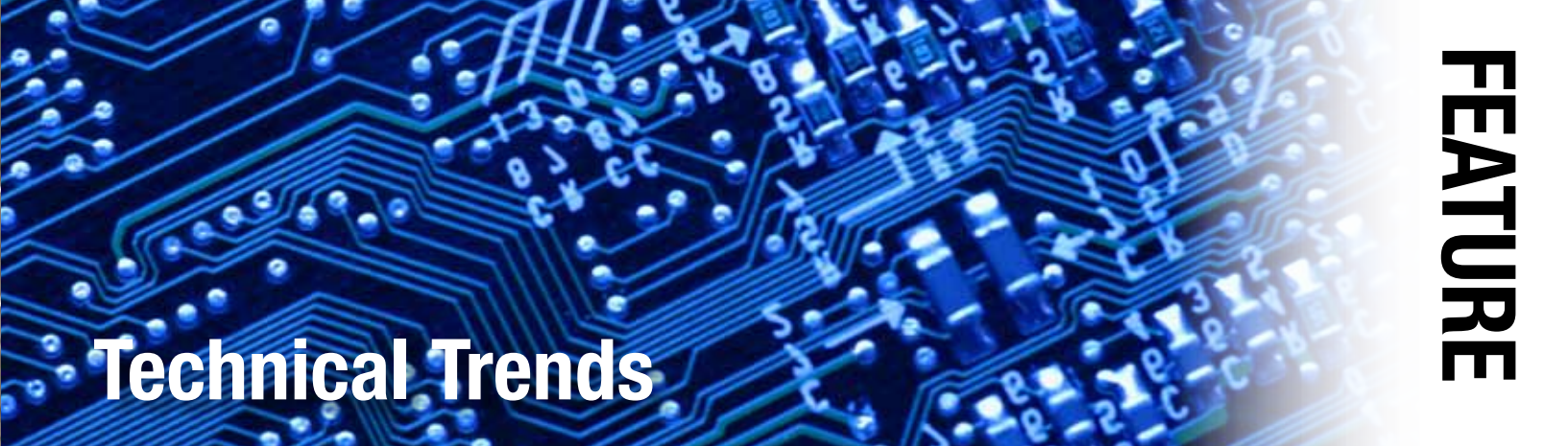


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Technical Trends

The Care and Feeding of Technicians

The truth is tough sometimes. But it is the truth nonetheless and the truth is this; the bane of all depot repair management is the struggle of dealing with repair technicians and keeping them productive.

This is a truism most managers know, but strain to understand how to address. I had the opportunity recently to review and meet with the managers of a repair operation that were near their wits end. They had been working for months to develop some form of stable and productive technical repair. It was just not working. What they were missing was that repair, especially technical troubleshooting is a very complex amalgamation of skill, equipment and luck. There is no one magic way to get an operation sorted, but let me share the three key tactics that have most often worked for me.

BS-Proof Leadership: I really considered alternate wording here. But other words do not convey the crisp meaning nearly as well as this. Be aware that technicians can be an assertive lot. They often delight in probing and testing those managing them. They will do this by postulating various excuses and assertions as to why the work isn't getting done. This may seem deceptive. But really, It is not. They are just questioning

you in order to find your limits as a manager. In a sense they are applying their troubleshooting techniques to you, trying to learn and understand their boss. In a way, you should be encouraged.

To be sure, the number one requirement to managing your troubleshooting and diagnostics technicians is to gain their respect. To accomplish this, they need to know you respect and value the very complex and challenging work they perform. In addition, they need to respect you, your management and that your council is of value and that you can and will work to make them successful. If you are a first line supervisor or production manager struggling to stay ahead of all the various excuses and other nonsense the technician team can test you with-you will be exasperated. But if you get into the trenches of the work they have and help them grow in their skills and performance, you will gain a tremendous level of commitment and support. That commitment is powerful and will often be THE deciding factor to a satisfied Customer.

From this, don't assume I mean that every manager has to be some whiz-bang super tech themselves. No, not at all. I saw a manager that was weak

in his technical skills but really loved the staff working for him. From that care, the manager pressed every other department to support the technician team. From training, to materials and floor support everyone knew that management expected the technician team to be supported. In turn, the technicians were expected to and HELD TO PERFORM.

Structure: Short of the cold snap of strong management leadership, structure is the most critical element to address. In most every case of poor operational performance that I have seen, the greatest benefits result from a better organizational structure. The critical need here is to recognize that for a team of troubleshooting technicians to perform on a sustaining basis, the time they spend troubleshooting MUST be limited. There are very few technicians that know enough about any device to spend more than 15 minutes performing troubleshooting or repair. The leading symptoms an operation will display as the result of poor structure are;

- Bone piles, large backlog of products that have aged like fine wine waiting to be repaired.
- High Scrap Rates, as the Technician staff run out of ideas
- Reverse Logistics Magazine 37

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Returning Thoughts

Using an RMA Request as a Reverse Logistics Up-Selling Opportunity

they resort to shotgunning. Parts are blindly swapped and the boards become overworked. In the end the product is total destroyed and becomes trash.

- Poor Shop Floor Control, since the staff has few controls they will attempt to fix several units at once. This results from an effort to use the measurements from other defectives or their parts as a tactic for better yield in the shortest time. All that this will really produce is mixed inventory or worse phantom and lost units. Costly time is then wasted chasing down missing units and responding to angry Customers.

With an updated organization much of this can be averted. The organization changes are in the form of three essentials; Single Unit Flow, Multi-Leveled Response and Limited Repair.

Single unit flow is the classic Lean Sigma tactic as a first response. Often this is already in force or was tried. If it was tried the tactic is typically not enforced. Single unit flow, is just not effective unless it is part of a balanced organization change. There is no good way to have a successful repair operation without single unit flow. The main reason for this is that you will never be able to control TAKT time without it. However you should be using single unit flow with the other structure changes. This will create clear and powerful synergies of production.

Multi-Level Response is an organizational change that recognizes the differing level of technical skills the staff possesses. In essence,

recognize not all are the best at troubleshooting. It is also a method to help manage compensation and ensure a career path. Both are good things that your HR department will like. Most operations will have three levels of Repair Technician. The first level will be the most productive and have the highest yields. They will make wide use of reflow and replacing of cracked components or touch-up bad solder. The level two technicians will be able to accomplish more detailed troubleshooting and tuning or adjustment. The level three folks are really Engineering Level Technicians. All but the most horribly smoked boards should be able to be repaired by these savants of repair.

Limited Repair is simply the practice of setting a limit on the time a technician can spend in performing both the diagnostics and the repair. For most technicians and product complexity I often set this level at no more than 10 minutes or two repair attempts per technician. In short, if one technician cannot repair a product in 10 minutes total time with no more than two attempts, then the product is moved up to the next higher level technician. This is a powerful production control. The reason is that in an eight hours shift any technician should be processing at least 45 units with a target yield of good units in the 60-80% range. In the end your worst case unit should never have more than 30 minutes of troubleshooting time. The exception is that if you have a very long test cycle. In that case, you can amend the single flow process. This is done by placing one unit under automated test while the other unit is being repaired. But that will be the only exception to single unit flow and even then there should only be one

unit at a time under repair.

Tools, for product to be repaired you need as a minimum;

- Proper training
- Test equipment
- Spare parts

This is the triad of support vital for a successful and sustaining repair operation. I stress sustaining. The most often neglected 'tool' in a struggling RL operation is training. Having good training is often seen as an unnecessary cost that should be eliminated. But in reality is the only way to maintain sustained success. If you have an operation that is performing inconsistently it is typically because the good performance periods are only accomplished from the effort of the dedicated few. When these team members become ill, or take vacation or worse-quit, then the entire operation suffers. Having training will help provide the intellectual nourishment to keep the team performing but also help the team understanding the objectives so that everyone can help pull in the same direction.

Every challenge is different. I hope this has helped you develop some thoughts as to how your operation can be improved and produce a stronger, better troubleshooting team. RLM



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in Frisco Texas.

“Would you like fries with that RMA?” Most Reverse Logistics teams have never thought to ask this question. You may be missing a big after-market service opportunity to increase your revenues, profits and enhance your customer experience.

Up-Selling is not just a tool for your sales team; it is an opportunity for anyone in your organization who is dealings with your customers. And up until now, it is an opportunity that has largely been overlooked by Reverse Logistics teams. Up-Selling is an opportunity for you to increase customer satisfaction, increase your revenues and enhance your Reverse Logistics group profitability.

Reasons to Up-Sell

Up-Selling is a win-win opportunity. Of course you customer is unhappy to have to call you and return a product, but it happens to everyone who buys anything electronic. So quickly resolve their RMA issue and find out how else you can help them. You can help your customers by offering them opportunities to:

- Save money with special, direct from the manufacturer pricing
- Obtain or upgrade to newer products
- Purchase more of your products

- Warranty their future
- Improve customer satisfaction
- Save shipping cost
- Return existing products to you for recycling or resale

For your company and your Reverse Logistics team, up-selling is an opportunity to:

- Generate additional revenues and profits
- Manage or sell new, old or excess inventory
- Improve customer satisfaction by turning the

negative experience of obtaining an RMA into a positive experience

Up-Selling Opportunities for Reverse Logistics Teams

The following is a list of Up-Selling opportunities and ideas to get you started:

- Upgrades – you can offer, possible at a discount from the retail price, an upgrade to a new or more recent model. (most customers would prefer a newer 24 or 27 inch LCD for a small increase in price, rather than a direct warranty replacement for their 19 inch LCD - “would you like to Super Size that order”)
- Companion products or services – companion products and accessories are typically very high margin items, be sure to offer them and maybe even at special pricing. Printers need toner. Cameras need cases, batteries, memory. LCD TVs need to be mounted.
- Free Shipping – if you will

be shipping a replacement product anyway, there may be no additional cost to adding additional items to the box.

- Special pricing – since you may be a manufacturer, you may be able to offer below retail pricing, especially on newer but not the most recent models.
- Inventory Management – there may be a good opportunity to offer old or excess models as replacement items or as an additional purchase. This may help you reduce your replacement item costs or dispose of less desirable inventory. It may also help reduce the need to incur high repair costs to keep old models in stock.
- Extended Warranty – a cherished very high profit item for retailers can now be offered to your RMA customer on their returning item.

Cross selling and Upselling are important parts of all sales processes today, online or in

person. It will be beneficial to find RMA software that can help you manage upselling/ cross selling or work with you development team to incorporate it into your RMA request processing.

So, go ahead, try that RMA order with fries or super-sized. You may find that Up-Selling provides your customers, your Reverse Logistics team and your CEO with a much higher level of satisfaction.

Good Luck!

RLM



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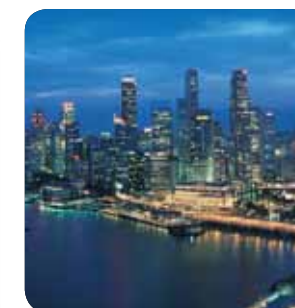
THERE IS GREAT CONTENT AVAILABLE IN RLA WORKSHOPS THIS YEAR.

You're in town for the RLA Conference & Expo, why not take advantage of your Monday and learn more about RL in an interactive classroom setting.

Beginning at 9:00AM on the day prior to the conference, a registration fee of \$999.99 allows you to attend any three workshops.

Some Past Workshops

- Successful Outsourcing - RFQs, Contracts and SOW presented by Gailen Vick, RLA
- Customer Experience by Kok Huan Tan, Senior Service Program Manager, DELL
- Leverage RL to Drive Sustainability & Reduce Expenses by Jesse LaRose, ESE Solutions



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