




REVERSE LOGISTICS DIGITAL magazine®

Reverse Logistics Association Celebrating it's 10 Year Anniversary!
[Click Here Take a look at Edition 1, where it all began.](#)



10th Anniversary



Mapping Reusables
Into Your Supply Chain
- pg 20

9th Annual

RLA Conference & Expo Singapore

Novotel Clarke Quay • September 24-26, 2012

Asia's premiere Reverse Logistics Event will bring three full days of Reverse Logistics. Starting on Monday, September 24, with RLA Workshops and continuing on Tuesday and Wednesday with sessions and exhibition.

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

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



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LOGISTICS**
ASSOCIATION
CONFERENCE
& EXPO



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

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

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by Andrew DeWitt,
TOSCA Ltd

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by Paul Galpin, P2P

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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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RLA Conference & Expo, Amsterdam a Huge Success

Reverse Logistics Association held its Conference & Expo June 19th-21st in Amsterdam, The Netherlands at the Movenpick City Center. The event was a success!

Video



What is the Reverse Logistics Association?

by Reverse Logistics Association

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Message from the Editor

After the RLA Conference & Expo in Amsterdam I made my way over to Morocco for a few days of vacation. While in Marrakesh I toured the tanneries. Tanneries are where they treat animal skins to prepare them for leather craft.

After an adventure to find the tanneries through the twisting and turning souks of Marrakesh we finally found them. A young man that works there was nice enough to show us around and explain the process. First, to soften the skin, they soak them in a bath of pigeon droppings. That's right, I said pigeon droppings. The chemicals in it have an acidic natural softening agent. This also makes

the product last longer as it is not treated with harsh chemicals. I asked "how do you collect to droppings"? We were told that the tribal women of the Atlas Mountains collect it and there is a great trade route through the mountains for this. In exchange for the pigeon droppings the tribes get paid handsomely with sugar, rice or spices, which are hard to come by in the rural areas of the Atlas Mountains.



After soaking for days the skins are put in baths of henna for brown color, mint for green, indigo for blue, poppie flowers for red and saffron for yellow. All these products are also acquired by trade. The Tanneries have no bi-product. Meat goes to the butcher market, wool and fur goes to the textile market and other parts are used for handicrafts, building materials and animal feed.



The Tanneries have a very strong odor but our guide gave us sprigs of mint to hold under our noses to ease the pain. At the end of the tour we tossed our mint sprigs into some goat hide that was soaking in for green purses that will be made in a few days after drying.



Most tanneries are run by families, some large families have butchers, artists and farmers thus everyone in the family will profit from the entire process with absolutely no waste.

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 3PLs like FedEx, DHL, USPS and UPS. 3PLs 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 11-14, 2013

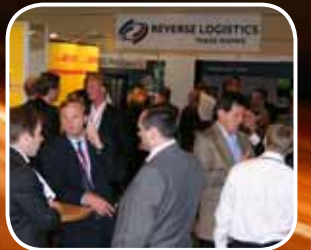


Over 150 Exhibitors and Sponsors – 1,500 RL Professionals Representing 700 Companies

Make plans now to join us for the 10th Annual Reverse Logistics Conference and Expo on February 11-14, 2013 at the Rio Hotel and Casino.

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

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



 **REVERSE LOGISTICS ASSOCIATION®**
CONFERENCE & EXPO



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



Message from the Publisher

10 YEAR ANNIVERSARY!

Our staff just returned from the RLA Conference & Expo in Amsterdam. Business was conducted and exchanged, the weather was great for June and Amsterdam was lovely as always, the canal cruise was the best ever! I want to thank our Exhibitors and Sponsors.

It is hard to believe that the Reverse Logistics Association was founded 10 years ago. Here are the concepts and solutions that was noted in the original business plan;

THE CONCEPT

Reverse Logistics Association will ... offer cost-effective research... and reduces the marketing cost for Third Party Service Providers (3PSP). Additionally, RLA will become a stabilizing force in the industry by encouraging large and small service providers to discuss joint ventures, mergers and acquisitions.

1. ...Manufacturers need to be informed about the technology breakthroughs that are occurring.....
2. Third Party Service Providers are looking for a way to reduce their marketing overhead.....
3.RLA well access 3PSPs... through our online surveys and match it to our Retail & Manufacturer database in order to determine the future needs..... As the RL Process matures, RLA should play an instrumental role in.....helping company leaders gather information on Reverse Logistics.

RLA will develop a...clearinghouse of information available to those companies that join....

THE SOLUTIONS

1. RLA's first product will be a complete database of the worldwide Third Party Service Providers that perform...repair and support services.
2. RLA and will author a quarterly newsletter of the latest events, trends, industry changes and business changes.....
3. RLA will develop....a for news clipping service. The clipping service will focused on repair services in the reverse logistics industry. The homepages of most service providers will be monitored on a daily basis along with clippings from any press announcements
4. Once a year, RLA will host a Trade Conference to gather professional from the Service Providers and the Retail & Manufacturing Companies to one location. Service Providers will be able to present their products ... in a cordial environment. Both Service Providers and Retail and Manufactures will present presentations on the subjects of reverse logistics.

As the founder, I believe that we have met and exceeded our goals... What the next 10 years holds for RLA and our members is a mystery, but it will be a bumpy, but exciting ride!

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:



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 – Home Depot

Charles Johnston is Director of Repair and Returns at The Home Depot Chuck was 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.



Troy Kubat - Walmart

Troy is now the Director of Logistics Engineering-Grocery at Walmart having worked is way up from Director, Logistics Operations, Industrial

Engineering Manager atWalmart - International Division and Japan Expatriate - Logistics Operations Lead at Walmart - International Division

A strong Logistics professional with a deep understanding of the Retail operation and market place. Extensive Distribution Center (DC)/Transportation operations experience and vast International Logistics operations experience focusing on growth, integrations, strategic planning, innovation, and process improvements.



Ian Rusher - Cisco Systems

20 Years within Supply Chain Operations, of which the last 15 Years have been spent in reverse Logistics.

Previous experience running 3Com EMEA Warranty/Service Repair Operations, Responsible for both Internal and 3rd party repair operational performance and Engineering support. Moved the operations from a predominantly In-House business to a total outsourced operational model. Last 3 Years at Cisco within Supply Chain Field Operations, setting up the EMEA non Service returns and Cost Avoidance Operations within the Netherlands. Responsible direct for EMEA Freight and Warehouse Operations. During the last 2 years has successfully set up Operational infrastructure to support the Teams Global Revenue targets.



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

Apparel

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Aviation

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COMPUMAR

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- Bernie Gagnon, Kuehne

+ Nagel, Inc.

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Co-Chairperson - Liz Barnes
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- Jeff Anderson, Fidelitone Logistics
- Paul Baum, PlanITROI
- John Beyers, United Radio
- Patrick Blinn, Microsoft
- Brianne Boettner, Best Buy
- Chad Burke, Ryder
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- John Damm, Lexmark
- Maryellen Daniels, ITRAN Electronics Recycling
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- Christopher Fabian
- Rubina Farooq, LG Electronics
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- Bryan Warner, Forse Inc
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- Alan Clark, Seagate Technologies
- David Liscom, Hyper Microsystems Inc.
- Steven Snyder, IRSC
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Hedgepeth
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- Dan Gardner, ATC Logistics & Electronics
- John McGurk, Globalware

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Co Chair – Albert (Buddy) Burgess, Pep Boys
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- 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
Committee Members:

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

Wireless

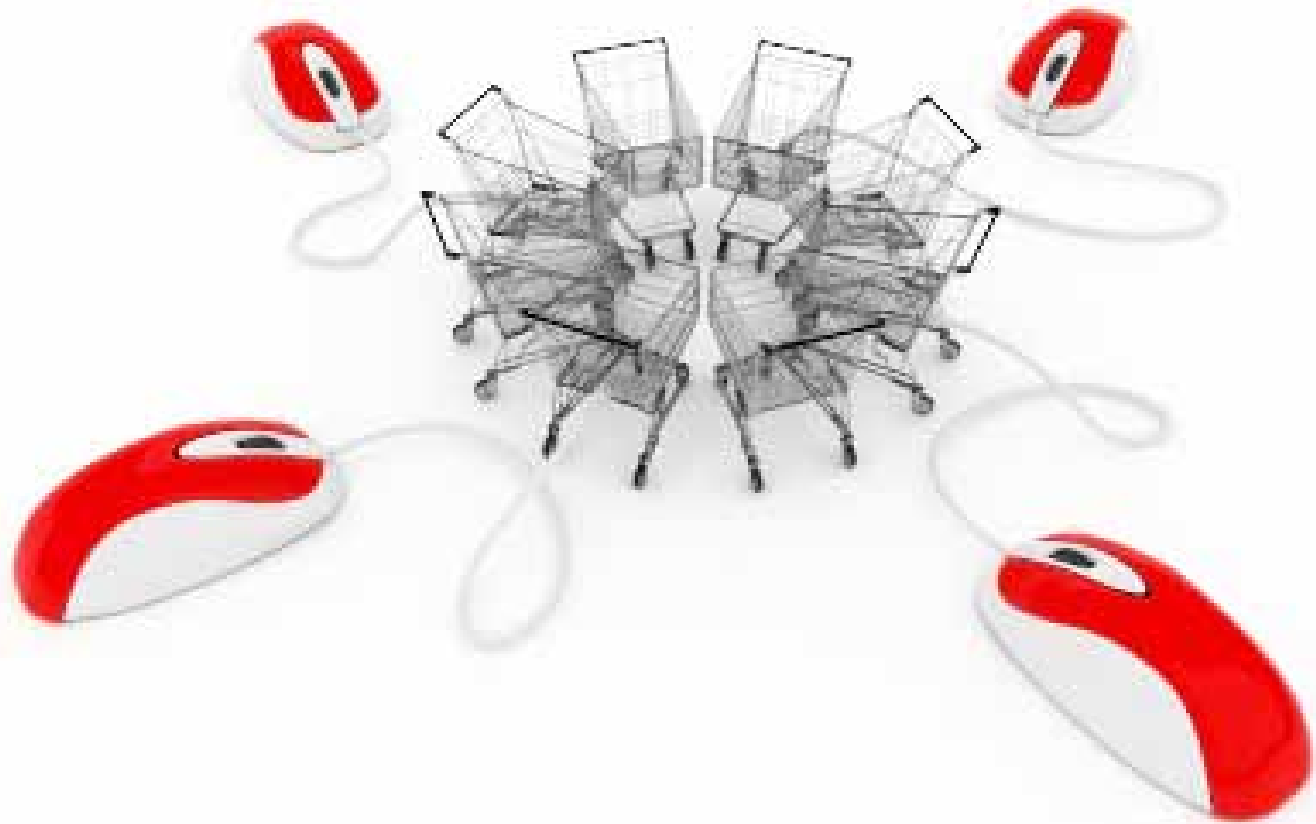
Chairperson - Doug Zody, Microsoft
Co Chair – Blake Vaughn, Brightpoint
Committee Members:

- 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

Focus Committees & Regional Focus continued on to page 19



Are You Delivering? UK Consumer Attitudes Towards Online Shopping Delivery Standards

by Paul Galpin, P2P

Online shopping in the UK is well established and growing. A recent report from the Office for National Statistics (ONS) revealed that nearly £1 in every £10 is now spent on goods bought online.¹ According to the latest IMRG Capgemini eRetail Sales Index, British online shoppers spent £68bn online in 2011, 16% more than the year before. The same report predicts a further 13% growth in 2012 and estimates that some £77bn will be spent online during the course of the year.

The ongoing challenge for online retailers and those High Street brands with an online presence is to ensure that they are taking a growing share of this healthy online market.

This report forms part two of a study into UK online shopping habits, specifically looking at order fulfillment in a bid to understand its importance within the overall online service offering. The first report 'Setting the Standard' – published in July 2011 – revealed UK consumer attitudes towards standard and premium shipping options. The report found that the assumption that next-day delivery and other premium shipping options gives online retailers a competitive advantage is, in fact, false.

Part two – 'Are you Delivering?' – looks at attitudes towards the physical delivery of goods. What level are current standards of delivery at? How important is a troublefree delivery service to repeat business? And if delivery goes wrong, what are the consequences for online businesses? Answers to these questions and more provide UK businesses with evidence of

the importance of robust and efficient delivery, guiding development strategy and providing a performance barometer with which to assess their own delivery standards.

RESULTS

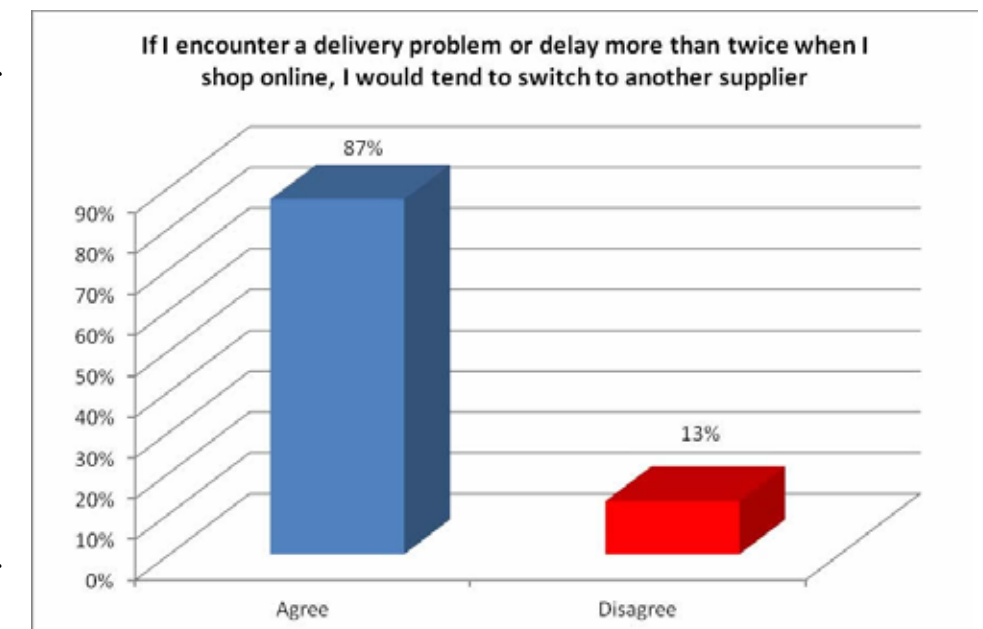
The importance of problem-free order delivery is clearly emphasised in the survey results. If mistakes and delays happen, the outcome is clear.

Nearly 90% (87%) of consumers would switch to another supplier if they experienced delivery

problems twice or more. The Internet age, more than ever before, has placed power in the hands of the consumer. Switching suppliers can be as easy as a click of the mouse. Here is firm evidence that, no matter how compelling the product, failure to deliver it as promised will drive business away.

This finding is reinforced in the response to the next statement. Consumers were asked to agree or disagree with the following:

Almost two-thirds of consumers consider poor delivery standards to be the





The challenge for online retailers is to achieve this end-to-end service consistency. Great care and attention is given to the look and feel of a website – the more visual element of the online

custom, but it is robust and failsafe order fulfillment that will encourage customers to return.

Unfortunately, current standards fall some way short of this ideal.

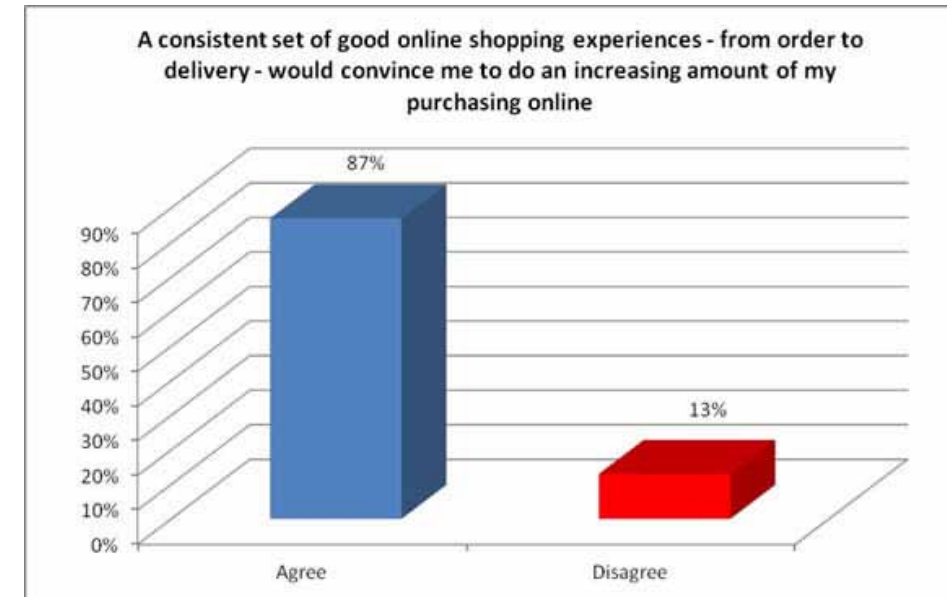
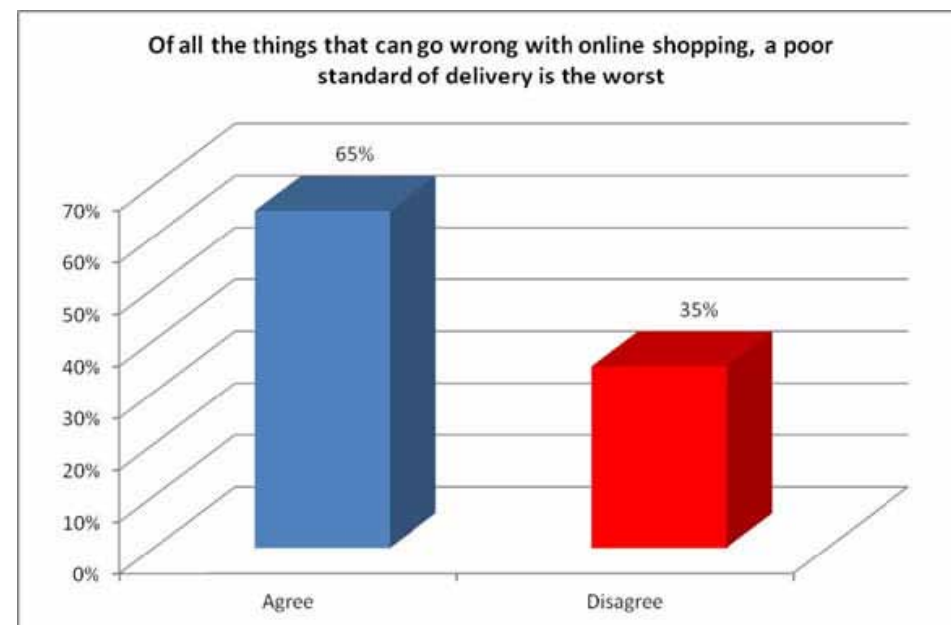
Almost a quarter (21%) of consumers report that more than one in ten of their online shopping

worst thing that can go wrong with online shopping. The very process of buying online requires the consumer to display a great deal more trust in the retailer than is necessary when shopping on the High St. In an online transaction, the money is exchanged before the goods are in hand. To break that trust with flawed delivery is regarded as totally unacceptable.

shopping experience. The same level of care and attention – of pride in the brand – must also be applied to the ‘hidden’ fulfillment operation. An appealing, intuitive first impression may attract

experiences are let down by something going wrong. As previous results show, those companies getting it consistently wrong will quickly feel the sting of consumer defection.

Conversely, managing delivery performance well – as part of the total online shopping experience – can encourage greater spend.

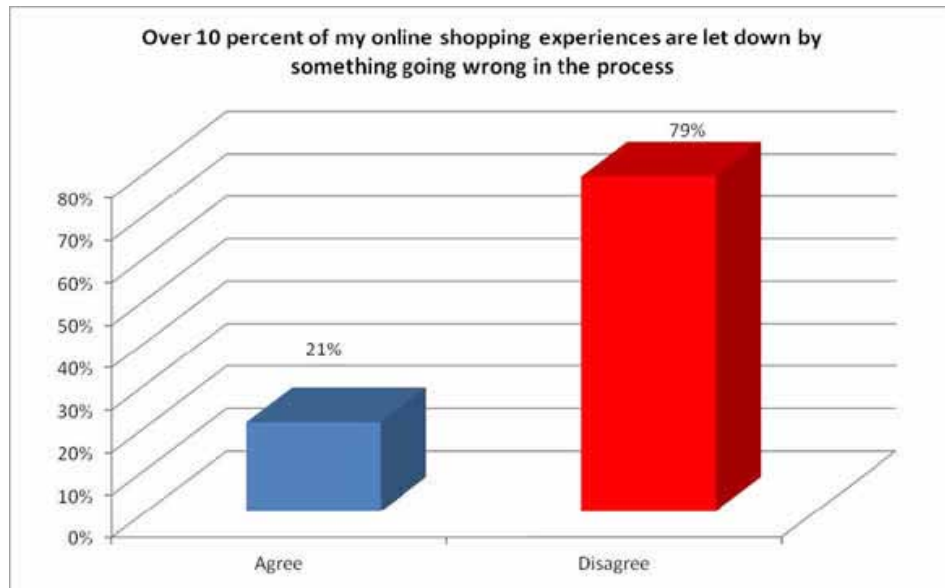


There can be no excuse. Expertise and technology exists – at every budgetary level – to automate order fulfillment and to drive efficiency and value throughout the delivery chain.

Another interesting issue emerges from the findings. Nearly two-thirds (61%) of consumers are reluctant to purchase goods from overseas shopping websites.

Clearly, consumers feel that any problems with delivery and service are exacerbated if the retail company is situated abroad. This presents a real challenge for businesses wishing to expand their sales footprint and only consistent service and fulfillment





excellence will assuage any doubts.

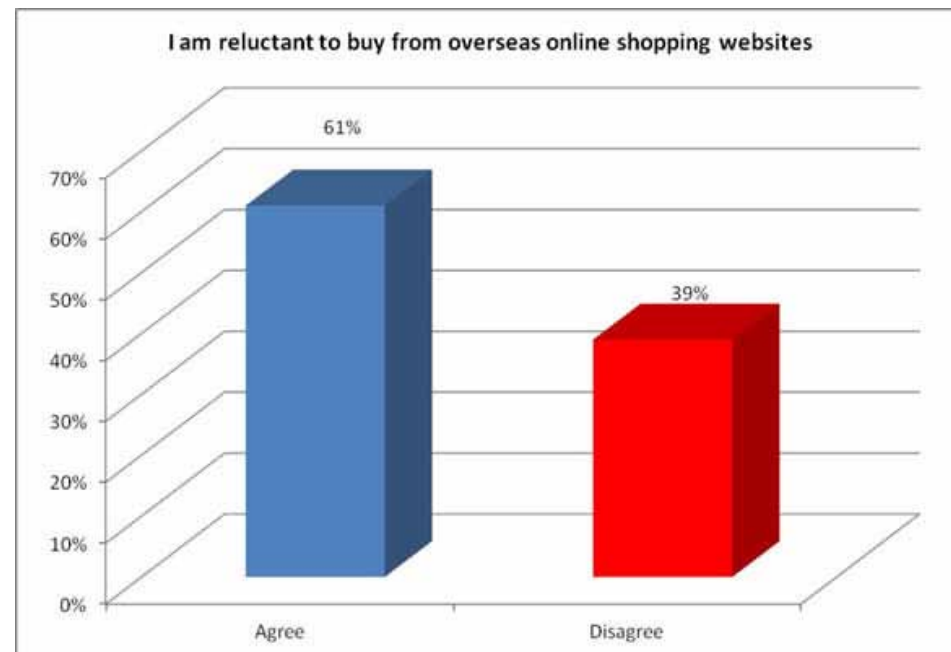
Those getting it right can certainly steal a march on competitors. If international delivery is an option, businesses must clearly state their delivery terms and ensure the processes are in place to meet expectations. Customer testimonials can help, short quotes from satisfied consumers that help to dispel any doubts and concerns from potential new customers.

TIME TO DELIVER

The survey results could not be clearer. Get online

shopping delivery wrong, and your business will suffer as a result. Just two mistakes can be enough to persuade a customer to defect to a competitor.

These errors are not happening in isolation. Nearly a quarter of the UK's



online shopping population experience online shopping problems over ten percent of the time.

The most savvy businesses are seeking the advice of expert providers who have the knowledge and the technology to manage the entire order processing and delivery function. The benefits of developing an intuitive and problem-free end-to-end online shopping experience are evident – 87% of consumers will increase the amount of online purchasing they do if the experience is consistently good.

Online shopping is set for continued, healthy growth in the UK. It is those businesses that pay attention to the 'hidden' function of order processing and delivery that stand to benefit most from this still buoyant market. Those slow to address delivery standards will quickly lose out.



16 years holding senior management roles for the last 10 years. Having gained experience working for various companies, in Jan 2009 Paul played a key part in the establishment of P2P Mailing and assumed the role of Managing Director.

Paul Galpin A Third Party Logistics solutions provider, P2P has worked within the Express and Mail industry for over 16 years holding senior management roles for the last 10 years. Having gained experience working for various companies, in Jan 2009 Paul played a key part in the establishment of P2P Mailing and assumed the role of Managing Director.

Is your company being Robbed?

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



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



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
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 - 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

APAC

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Mapping Reusables Into Your Supply Chain

by Andrew DeWitt, TOSCA Ltd

Reusable packaging can deliver cost savings, increased material handling efficiencies and reduce a company's environmental footprint. However, the implementation of reusable packaging will have a significant impact on many internal processes as well as those of suppliers throughout a supply chain. The changes that result from converting to a reusable program can touch many people and the work they do. From workers on a line who fill the reusable containers with product, to suppliers who interact with the containers, to transportation staff. If a company decides to manage the cleaning, repairing and

sorting of the reusables in house, there will be new processes and procedures to create and support. Because reusables require new processes in material handling at many places along a supply chain, a company must undertake careful planning and thorough training in order to be successful. This article will help you:

- Map and review an existing supply chain
- Map future supply chain with reusable packaging
- Test and refine the new business model
- Prepare for successful implementation

The first step is to clearly define the goals for changing from an expendable packaging system to a reusable packaging system. For example, is the primary goal to reduce product damage, or to make the material handling process faster? Or perhaps it is to reduce transportation or overall packaging costs. After the goal has been well identified and defined, you will undertake a thorough input gathering process to determine whether converting to reusables will achieve your objective.

MAP AND REVIEW EXISTING SUPPLY CHAIN

Most companies already have their supply chains thoroughly documented. However, take the time now to make sure that the map is current and comprehensive. As you revisit your current supply chain, look for the areas that impact your objective the most. For example, if your objective is to reduce product damage, then highlight areas in the supply chain where product is being damaged.

The biggest impact of reusables is the need to create reverse logistics: getting the container back for re-use. As you review your current supply chain map, look for existing opportunities to reclaim the containers. If you deliver your end product to

numerous retail outlets, it would be cost prohibitive to go to each site and pick up the containers. But perhaps there is an existing process where your customers are returning materials to a central distribution center that could also accommodate the return of empty containers. During this review, also pay special attention to the physical flow of product between your supply chain partners and pinpoint where and when reusables would be exchanging hands.

Within internal operations, note all processes that would be impacted by a new container. Detail the current process for filling and emptying containers and the amount and type of

product going into them. When and where is product being processed or stored? Think broadly and consider who else within the supply chain handles the container.

All of this information will be used to establish your baseline in costs and current processes to compare to a new reusable packaging system and its associated processes and procedures.

Now review the number of containers that you use. Take into account whether the quantity fluctuates seasonally or other factors. Also consider the length of time that product

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is in current containers, and the “dwell time” at customer sites. Dwell time is the total amount of time a container is “out there” being used, waiting to be used or waiting to be shipped back. Both of these factors could tie up reusable containers and impact the quantity of containers needed to support a reusable system. The answers to these questions will help you determine the number of reusable containers you will need.

Figure 1 is a quick example using 100 containers filled per day as an example:

In this simple example, the total number of days the returnable container takes to get from fill point back to fill point (one use) is 20 days. You can look at it as if the containers turn 18.25 times per year (365 days / 20 days). To support this example of using 100 containers a day, your system needs 1,825 reusable containers, on average. Of course you have to allow for variance within the supply chain over time and adjust the number accordingly.

Next, move on to a fiscal review. Document the cost to purchase, set up, tape and label your expendable packaging. How many pallets are you using

and what is their cost? How much space does your current packaging and pallets require? How much labor is needed to break down and prepare the boxes for a landfill? Include transportation and disposal costs as well as all costs involved in handling current packaging and the damage cost due to packaging failure..

MAP FUTURE SUPPLY CHAIN WITH REUSABLES

Now it is time to put all the data you have gathered to:

- Design and select potential reusable containers
- Design new supply chain models
- Do economic modeling

Before you begin to design a future supply chain that incorporates reusables, revisit your objectives. By clearly mapping your current state in the earlier exercise, you identified the areas in the supply chain that are impacting your objective, such as opportunities to reduce cost. Now, step back and take a broad view of the changes you could make to meet your objectives. This is the fun part of the task, the “what if?” exercise. For example, what if you went from a handheld container to a tray? Or put more or less product into a different type of box? What if your container was display ready?

Don't limit yourself to thinking merely about replacing an existing box with a similar size and shape reusable. Think how you can change current packaging configuration to improve the cost and processes in the supply chain.

Also take into account all that good data you collected earlier about the physical requirements of the container. After weighing these factors, start researching existing reusable packaging and try some out. Include potential vendors in your decision making; they can provide considerable experience. If you cannot find an existing container that might meet your needs, ask your supplier to develop a prototype.

After you have selected a potential container, put it through a process we call a “pack out”. In the pack out, you put the container through some initial paces in the supply chain. Place your product into the container and gauge how well it fits and its orientation. Place the container into different parts of your supply chain like conveyors and filling machines and consider its benefits and limitations.

Location of reusable container per use	Number of days
Waiting to be filled at your facility	2
Filled and put into storage at your facility	2
Transit to customer's DC	1
At customer's DC	3
Transit from customer's DC to their store	1
At store with product in the container	3
Waiting at store to be returned to DC	3
Transit to DC	1
At DC being accumulated for return	2
Transit to your starting point	1
At your facility, container being cleaned etc	1
Total number of “dwell” days in this example	20

FIGURE 1: QUICK EXAMPLE USING 100 CONTAINERS FILLED PER DAY AS AN EXAMPLE

Now apply your “what if?” approach to the overall existing supply chain. What would happen if you changed a part of the process? What if you changed the way the product is placed into the packaging? Review the containers you are considering to gauge their impact on internal processes. Will they improve ergonomics and worker safety? Will they work on your existing conveyor system? These are just a few examples of the types of questions you will need to ask yourself.

In this stage, you must also map out your new processes for reverse logistics. At this planning phase, be sure to include your quality assurance and transportation teams as well as any outside parties that contribute to your supply chain. Of course, if you have a closed loop system, this is all much easier to manage than if

your supply chain includes third parties.

Quality assurance and transportation staff must be brought in because, unlike expendable packaging, reusable packaging comes back. This change in process will impact transportation and quality standards for the packaging. Reusable containers will need to be cleaned, repaired and handled and made ready for reuse. You might need to create new services or facilities as well.

Earlier, you documented your transportation processes and its associated costs. Now consider the impact that reusables would have in this area. Reusables generally weigh more than expendables, however, you might find that the containers cube out before they weigh out and fewer



trucks will be required. Or you might actually get more of your product on each outbound truck. On the return trip, the empty containers will weigh less and, if you chose a collapsible container, will take up less space. But you still need to get them back so you need to calculate the reverse logistic costs.

Also consider how you will track and trace your reusables. The cost of tracking, as well as the cost of lost reusables, is important to your financial model. Within a closed loop, the loss rate is very low. However, if your loop includes multiple third parties, your loss rate likely will be higher. Determine whether it is more cost efficient to absorb the loss or spend more on tracking systems to minimize the loss number.

As you design your reverse logistics, consider whether you can manage these services in house or whether it would be better to outsource them. Cost is only one part of the equation in

this decision. Equally important is the ability and willingness of your company and staff to take on this new area of services, and whether it is cost effective to supply your own labor.

Now that you have identified potential containers, mapped out the necessary changes in processes including reverse logistics and documented current and future costs, it is time to create an economic model.

To help you conduct an initial assessment and cost benefit analysis, the RPA has created an economic calculator available at <http://reusables.org/library/calculators>. Using this tool, you will enter purchase price, dwell time, number of turns, return logistics and other inputs you have gathered to come up with a total cost per use for reusables versus expendable packaging. While this model is at a high level, it will give you insights on how to build a cost model specific to your needs.

During this calculation, you will also weigh whether to purchase reusables outright, or enter into a capital or operating lease, and whether to use a third party, like Tosca, for your reusable program. To help you consider and weigh these important decisions points, the RPA has created an in-depth presentation on the topic. You can read it at <http://reusables.org/fundamentals-of-reusable-packaging>.

Now it is time to combine all your input and develop some possible future-looking models. As you do so, weigh the tradeoffs in costs and process times, make some refinements and design a solid model for testing a future state using reusables

TEST AND REFINE NEW MODEL

Assuming that your economic model supported the premise that reusables will decrease your costs in some way – either through labor savings, decreased product damage, or overall cost

- it is now time to run a pilot with your selected container and new processes. During the pilot, you are testing your inputs and assumptions used in your model. This is also the opportunity to see in real time how well your new container works. The pilot phase is necessary for unearthing any issues you might have missed. If there is a glitch, you might have to make a change in your process or container selection and then initiate a new pilot. It is not uncommon to go through two or three pilots to get the right system

During the pilot, pay special attention to these potential pitfalls:

- Not considering a supply chain's true cycle time
- Not having enough packaging for peak production volumes

- Inability to accommodate industry standards for cleaning, especially food and beverage
- Paying premium freight for lack of container fleet visibility
- Loss and damage rates

In my experience, these are issues that are sometimes overlooked and later create significant problems during a rollout. Once you have confirmed that your container choice and new processes are successful and will indeed meet your original objective, it is time to undergo full scale implementation.

PREPARE FOR SUCCESSFUL IMPLEMENTATION

Only minimal modifications were made to your supply chain

during the pilot. During the rollout, however, significant adjustments are made. Possibly you are replacing or adjusting filling machinery or conveyors, or adjusting pallet quantities to suit the new container. This process is time consuming, but take the time to do it well and thoroughly. At this stage, an overlooked issue could result in lost production time or sales.

The alignment of your people and processes are even more critical than the physical changes to the plant. Policies and procedures for the new supply chain and handling of reusables need to be documented and shared before the rollout. The RPA is developing an article that will detail the path to successful alignment, but I will touch on the highlights here.

Industry Events



RLA Conference & Expo Singapore
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CES - Las Vegas
January 8-11, 2013
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RLA Conference & Expo Las Vegas
February 11-14, 2013
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First, the importance of training and communication cannot be understated. Handling reusables requires a new mindset. The container will be re-used multiple times. It needs to be handled differently than an expendable, and it must be used only for its intended purpose. If employees are mishandling reusables, running through them with a forklift for example, this will drive up your costs.

Some companies fail initially at the implementation stage because they have not provided enough employee training. Remember to include employees and suppliers and whoever else touches the reusable and sends it back. You might have new services and facilities for cleaning and repair if you are managing these tasks in house. Tracking also will be a new function even if a logistics provider is managing your reusables. Take care to train workers on every shift and consider providing videos and

posters to reinforce key points. Monitor the supply chain very closely at the beginning and make modifications or provide corrective training as needed. Logistics providers and reusable container pooling companies can give you guidance on ways to ensure a successful rollout if you don't have the resources internally.

Preparing for the implementation of reusables is a complex process, but the benefits will provide long term and lasting benefits. And there are many other companies that have been through the process already and are willing to share best practices. The Reusable Packaging Association website at www.reusables.org is a great place to start.

Andrew DeWitt is Senior Business Analyst at TOSCA Ltd. and a member of the Reusable Packaging Association. DeWitt started working in the reusable container business in 1994 at

Menasha Corp. where he helped create the startup Menasha Services Division as a service and product development consultant for managing returnable containers. Menasha Services was later rolled into another unit of Menasha - Orbis Corporation. In 2002, DeWitt came to Tosca Ltd. as Director of New Business Development. Over time, his role evolved from direct sales into a business analysis role where he helps create solutions for the sales team.

Prior to his start in the reusables world, DeWitt was Director of Transportation for Oshkosh Truck Corp. and held management roles in domestic and international logistics and customer service at Sheaffer Eaton Corp. and the Parker Pen Corp.

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DeWitt earned a MBA from the University of Wisconsin Whitewater, and a BA in History from the University of Wisconsin Oshkosh. DeWitt has taught Operations Research and Management courses at University of Wisconsin Oshkosh and Marion College.

Read the Press

CEVA Renews Contract With Nokia Siemens Networks

12 June 2012-CEVA Logistics, one of the world's leading supply chain management companies, has renewed a multi year contract with Nokia Siemens Networks, world specialist in mobile broadband, to manage their global after sales and reverse logistics operations. [CLICK HERE](#)

Reverse Logistics Company Pvt Ltd enters into an agreement with Acer India

12 June 2012-Reverse Logistics Company Pvt ltd, a provider of comprehensive reverse logistics solutions has joined hands with Acer to manage their returns. This agreement will allow Acer to increase customer satisfaction, reduce costs, and increase margins by managing returns in a systematic way. [CLICK HERE](#)

New York City Residents Drop off 388,000 Pounds of E-Waste during Spring 2012 SAFE Disposal Events

12 June 2012-Sims Recycling Solutions, the global leader in electronics reuse and recycling, wants to thank the thousands of New York City residents who participated in the single-day SAFE (Solvents, Automotive, Flammables and Electronics) disposal events held in the city's five boroughs in April and May. Sims Recycling Solutions, the New York City Department of Sanitation's (DSNY) Bureau of Waste Prevention, Reuse and Recycling (BWPRR) were able to collect around 388,000 pounds of electronic waste as a part of an effort to provide community members with an easy way to properly dispose of household hazardous waste. [CLICK HERE](#)

Topp Solutions Implements ServiceCentral for Service Management Solution

11 June 2012-A leader in wireless device logistics and remanufacturing, Topp Solutions implements ServiceCentral

software for end-to-end service and repair management. [CLICK HERE](#)

Ingram Micro Expands Distribution Relationship With Scala

Santa Ana, CA—11 June 2012—Ingram Micro Inc. today announced a new U.S. distribution relationship with leading global provider of digital signage solutions Scala Inc. [CLICK HERE](#)

What Gets Measured: "OnResults" and "OnProces" in Service Supply Chain Optimization

11 June 2012-In the race to win new markets, a Company's Service Supply Chain (SSC) can make a strategic difference. SSC can make or break a new product rollout. [CLICK HERE](#)

Technology Conservation Group, Inc. Announces Launch of New Website

Lecanto, FL—7 June 2012—Technology Conservation Group, Inc., an electronics recycling and asset management company headquartered in Lecanto, FL announced today the launch of a new and improved website at www.tcgreycling.com. With enhanced search capabilities and a new look and feel, TCG's website presents the visitor with the company's service offerings in an informative and easy-to-navigate format. [CLICK HERE](#)

Ryder Chosen for 2012 Supply & Demand Chain Executive 100

Miami, FL—7 June 2012—Ryder System, Inc., a leader in transportation and supply chain management solutions, today announced it has been chosen for the 2012 Supply & Demand Chain Executive 100, an awards program by Supply & Demand Chain Executive magazine that features the year's "100 Great Supply Chain Projects." [CLICK HERE](#)

New Chairman Takes Helm of Best Buy Board of Directors

Minneapolis, MN—7 June 2012—The

board of directors of Best Buy Co., Inc. today announced the appointment of Hatim A. Tyabji as chairman of the Company, effective immediately. Mr. Tyabji, currently Chairman of the Audit Committee, has served as a director since 1998. [CLICK HERE](#)

Celestica Recognizes Suppliers With Its 2011 Total Cost of Ownership Supplier Awards

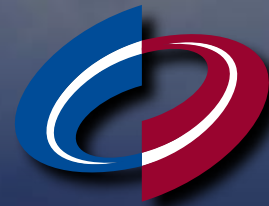
Toronto, Canada—7 June 2012—Celestica Inc., a global leader in the delivery of end-to-end product lifecycle solutions, today announced the winners of its 2011 Total Cost of Ownership (TCO) Supplier Awards. The awards honour suppliers who provide the best TCOO performance to Celestica and its customers by demonstrating excellence in quality, delivery, technology, service, pricing and flexibility. [CLICK HERE](#)

UPS Appoints Canavan President of UPS Asia Pacific

Singapore—7 June 2012—UPS has appointed Brendan Canavan, a 31-year UPS veteran, as its new president of the UPS Asia Pacific Region with responsibility for more than 40 countries and territories throughout Asia. [CLICK HERE](#)

Improving Returns Presents Biggest Opportunity for Retailers Wishing to Increase Online Shopping Satisfaction

Reston, VA & Atlanta, GA—4 June 2012—While 86 percent of consumers are satisfied with the overall experience of shopping online, retailers still have significant opportunity to improve customer satisfaction and their competitive position by making the process of returning or exchanging items easier, a new study shows. [CLICK HERE](#)



REVERSE LOGISTICS ASSOCIATION CONFERENCE & EXPO

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How to Collaborate to Maximize Revenue from Reverse Logistics



Reverse Logistics Association held its Conference & Expo June 19th-21st in Amsterdam, The Netherlands at the Movenpick City Center. The event was a success with over 140 registered participants and over 70 companies.

Companies like Dell, DHL, Tesco, Philips, Nokia, RIM, Coca-Cola, and Juniper were represented at the event. There was a great exchange of ideas, challenges, and issues in the reverse logistics industry.

The event opened with a pre-

conference workshops and evening reception on Tuesday, June 19th, followed by the Welcome Address by RLA VP Jeremy Vick and a keynote address by Neil Ashworth of Tesco on Wednesday. Industry specific issues were discussed in the afternoon and all day Thursday in conference sessions and panel discussions. Wednesday afternoon registrants enjoyed a Pervacio sponsored Canal Cruise. Thursday concluded with closing remarks by RLA Executive Director Gailen Vick and a "Lucky Draw."

We had a great event, and as always, thank those that attended. We look forward to Amsterdam 2013.

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The challenges and opportunities for mobile phone After-Sales in 2012

Part 2 – Device Manufacturers

by David Cope, MGH Consulting

Never before has there been so much change in the mobile phone market. Market share numbers over the last five years have changed massively with some household names now struggling for survival, whilst other new entrants struggle to keep pace with sales. Add to this the rapid change in the device portfolio and the result is turmoil in the After-

Sales service landscape. Centralised exchange/repair models from RIM, Apple and HTC have changed the landscape further. This article explores the effect of these dramatic changes and the challenges they bring to device manufacturers in After-Sales.

This article is the second of three which review the

mobile phone After-Sales market, challenges and opportunities, from three perspectives. The first article, found in Edition 37, focussed from the perspective of the Mobile Phone Operators, MVNOs and Retail. This second article considers the device manufacturer's perspective. The third article will focus on repair and third party logistics organisations.

COSTS AND COST DRIVERS

Manufacturers have often seen After-Sales as a necessary evil, the unfortunate by product of successful sales and marketing. In many organisations the head of After-Sales or repair does not sit on the board, but reports into Supply Chain or even Finance. If we were to draw a comparison with the IT industry we would expect to see this change over time. As After-Sales in the mobile industry moves from base warranty into revenue generating services, we would expect After-Sales to be increasingly seen as a core focus for manufacturers. Today, device manufacturers tend to focus on After-Sales when sales drop and the real cost of supporting the warranty population becomes evident. The current market turmoil means that many manufacturers are now taking a keen interest in their After-Sales operations and there is a willingness to question their end to end After-Sales strategies.

That said, the mobile After-Sales market has matured.

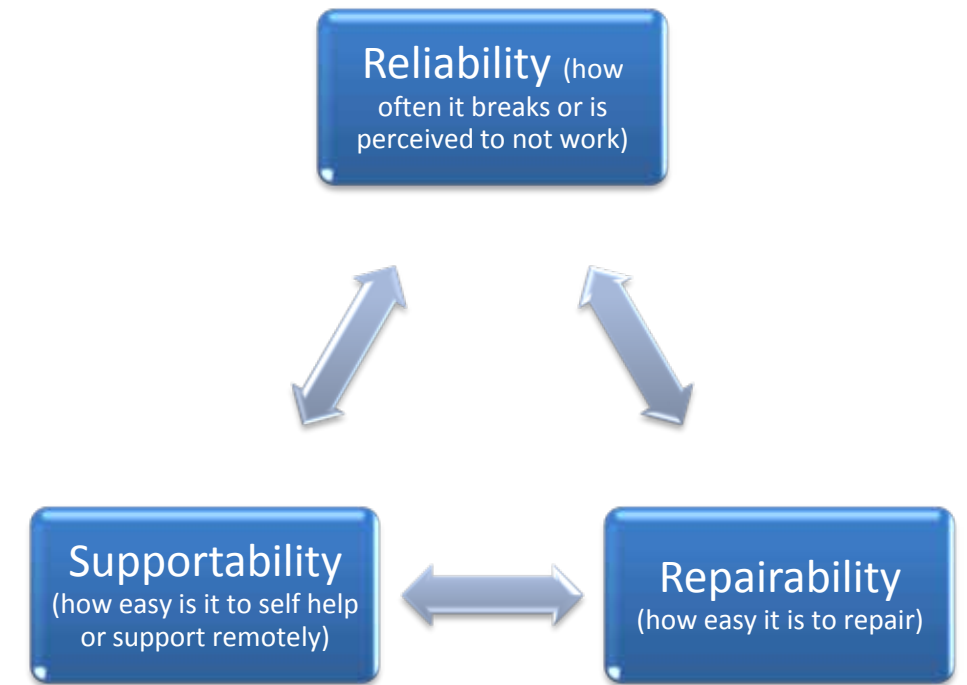


FIGURE 1: RELIABILITY, SUPPORTABILITY AND REPAIRABILITY

Over the last 10 years manufacturers have focussed on controlling their After-Sales costs and much of the fraud, prolific in the mid 2000's, has been eliminated. Most manufacturers have robust warranty claim management tools and reasonable control over material usage.

Once an organisation has put the basic warranty controls in place;

- Centralised / semi automated warranty validation,
- Proof of device repair,
- Coupled or semi-coupled

material flows (controlled by a Material Return Centre),

- Fraud detection and management,
- then the focus on cost control needs to shift elsewhere.

RELIABILITY, SUPPORTABILITY AND REPAIRABILITY

It goes without saying that the biggest driver of After-Sales costs for a manufacturer is product failure rate and therefore the greatest opportunity to drive down costs is to focus on design for reliability, supportability and repairability.

	Localised	Hybrid	Centralised
Network management	High	Medium	Low
Spares distribution & management	High	Medium	Low
Warranty fraud	High	Medium	Low
Swap stock	Medium	High	High
Handling fees	Medium	High	High
Cosmetics	Low	Medium	High
Repair labour	High	Medium	Low
Transportation	Low	Medium	High
Environmental	Low	Medium	High

FIGURE 2: RELATIVE COST DRIVERS

However, whether it is the continuous pressure to bring devices to market, or the lack of a seat at the top table, most organisations do not have a cohesive strategy dealing with these key cost drivers. Time and time again we see devices brought to market with evident software and sometimes hardware issues. Product return rates across manufacturers vary massively with the highest being twice that of the best. In terms of both cost and brand perception manufacturers need to give this area the focus it deserves. Pushing warranty costs back up the Supply Chain is common practice in

IT, but almost unheard of in the mobile market, somewhat surprising given the convergence of product in terms of functionality and increasingly price. Often organisations have the failure data and material analysis they need through their warranty control system and material return centres, but they fail to leverage the value



FIGURE 3: THE LARGEST MANUFACTURERS AND THEIR RELATIVE POSITION BETWEEN LOCALISED AND CENTRALISED SUPPORT

of this data with the sub-component manufacturers. As the costs of components such as LCDs continues to drive up the Average Unit Price of devices, so we expect to see the leading After-Sales operations engage with sub-component manufacturers. With the high level of damage on mobile phones this needs to cover both the opportunities for sub-component rework as well as warranty reclaim. Increasingly, we are seeing manufacturers taking more interest in repair avoidance. Having realised the costs of putting large volumes of No Fault Found devices through an expensive reverse supply chain, there is increasing focus on customer self help through the web and retail and in some areas increasing collaboration with operators and retailers. Software / Firmware Over The Air is also increasing and thereby reducing the number of software faults seen in repair

centres, but there are very few signs of this moving into in-device diagnostics and proactive device support. Increasingly manufacturers are also looking at how social networking can be fully utilised in both reactive and proactive support.

SERVICE MODELS

The manufacturer's service model is the next key driver of cost and there is a huge range of these across the manufacturers / geographies. From the completely centralised, back to manufacturer model (Apple) to the highly decentralised / local repair (Nokia). The relative cost drivers, of these different models, are illustrated in Figure 2.

As the table shows there are strengths and weaknesses to all models. However, a highly localised model only works with volume and therefore these tend to be built over time and only by

the most dominant players. For new market entrants the most suitable solution is highly centralised, as low initial volumes are viable and the solution is easily managed. With time, as new entrants grow the tendency is for them to move more towards a hybrid solution. However, this migration needs to be part of a well thought through strategy with a coordinated approach across geographies. There are several examples of networks that have grown organically with little country control and no central control. These networks rarely optimise customer satisfaction or cost, but one thing is certain is they are far harder to unwind than they are to watch grow.

Figure 3 shows the largest manufacturers and their relative position between localised and centralised support. The arrows depict the direction of change with Apple moving to being less

Money Talks

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Dell Completes Acquisition of Cloud Client Computing Leader Wyse Technology [Click Here](#)



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centralised and Nokia, Samsung and HTC reducing the number of service partners.

Each service model has its strengths and weaknesses in both costs as shown above and in terms of business customer service. The traditional model of Authorised Service Partners was easy for operators and retailers to manage with the financial responsibility for warranty being managed between the OEM and the ASP. The level of customer service (TAT, Exchange, Loan, OOW costs etc.) was managed between the Operator / Retailer and the ASP.

The more centralised model takes away much of the Operator / Retailers ability to shape the level of customer service. The TAT is typically set by the manufacturer, as are OOW costs. As Operators & Retailers have had to deal with service models from such a broad spectrum it has progressively raised the question as to what their level of involvement should be. As with most other technology sectors the warranty support is pushed back to the manufacturer completely and the end customer receives the level of service that the manufacturer delivers. Over time, if this is poor, it impacts on their sale and market share.

FUTURE MODEL

The drivers for change need to be considered in turn. These are;

1. Increasing opportunity to drive down return volumes through self help, web support and retail support – resulting in a reduction in overall volume
2. Mixed manufacturer service models for

operators & retailers to deal with – resulting in the end of a single point solution

3. Increasing device complexity and high entry costs for board component level repair
4. Increasing need for manufacturers to engage with sub-component suppliers

This leads logically to a model where the manufacturers take greater responsibility for repair and the Operators & Retailers interface with the manufacturers through a 4PL. This model is depicted in Figure 4. Taking each area in turn;

FRONT END SUPPORT

Although it has been slow in coming customer self help through multiple channels is now a reality. We see greater coordination between device manufacturers and repair companies as the need grows for both multi-vendor as well as manufacturer specific solutions. FOTA is the first step in proactive support but over the next few years we expect to see far greater in-device diagnostics and a

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

Facility Tour: Walmart Returns Facility



Facility Tour Sponsored By:



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greater use of remote device support.

OPERATOR AND RETAIL FRONT END

There is an increasing focus on customer value added services, with a walk out working approach on upgrades and both free of charge and chargeable services. Logically these are expanding into remedial after sales services with SW flashing in retail and increasingly the screening out of NFFs. There is also growth in retail support with returns avoidance centres supporting the front end in

filtering out NFFs.

DISTRIBUTION NETWORK

Given the retail coverage in most countries of Retailers & Operators it is logical that this is the primary network for After-Sales as it offers a low cost rapid Turn Around Time solution. With the utilisation of the Operator & Retailer front end and distribution network we envisage that handling fees for this front end activity will continue to be the industry norm.

4PL

Already many traditional repair companies find themselves in a pseudo 4PL type role. The percentage of repairs they conduct has dropped rapidly and the front end management of their customer's end to end service delivery has increased, as has their need to manage the manufacturer repair solution. One of the key questions in the industry today is who will fulfil this role long term and whether there is a place for the "player-manager" either from a 3PL or from a repair company. Ultimately the successful organisation has

to show clearly the ability to add value to their customer and in doing so the ability to select service partners, without bias, across a wide range of services, from call centre technical support, to repair. The full 4PL role with stock ownership and higher levels of risk will, most probably take some time to develop. However, there is certainly a developing 4PL role with increasing levels of risk / reward payment.

REPAIR

With manufacturers taking an increasing role for both in-warranty and out of warranty repair there is a growing responsibility to deliver a consistent high quality service to their Retailers & Operators and to finance swap stock when things go wrong. With this increased responsibility and potential cost we envisage the manufacturers increasing their focus on how they manage After-Sales. For manufacturers to not have to supply a full exchange / refurbish model there will be increasing pressure for them to supply fast TAT same IMEI repair. In order to do this consistently they will need to take more of a partnering

approach with repair organisations and to make sure the commercials they set up work for both parties. Most repair companies work on very thin margins and progressively little of this margin comes from the manufacturers. Potentially we see the possibility that manufacturers will offer their customers a range of services, from rapid same IMEI to refurbish swap. It will be interesting to see how the commercials of such a range of services will work out.

REWORK

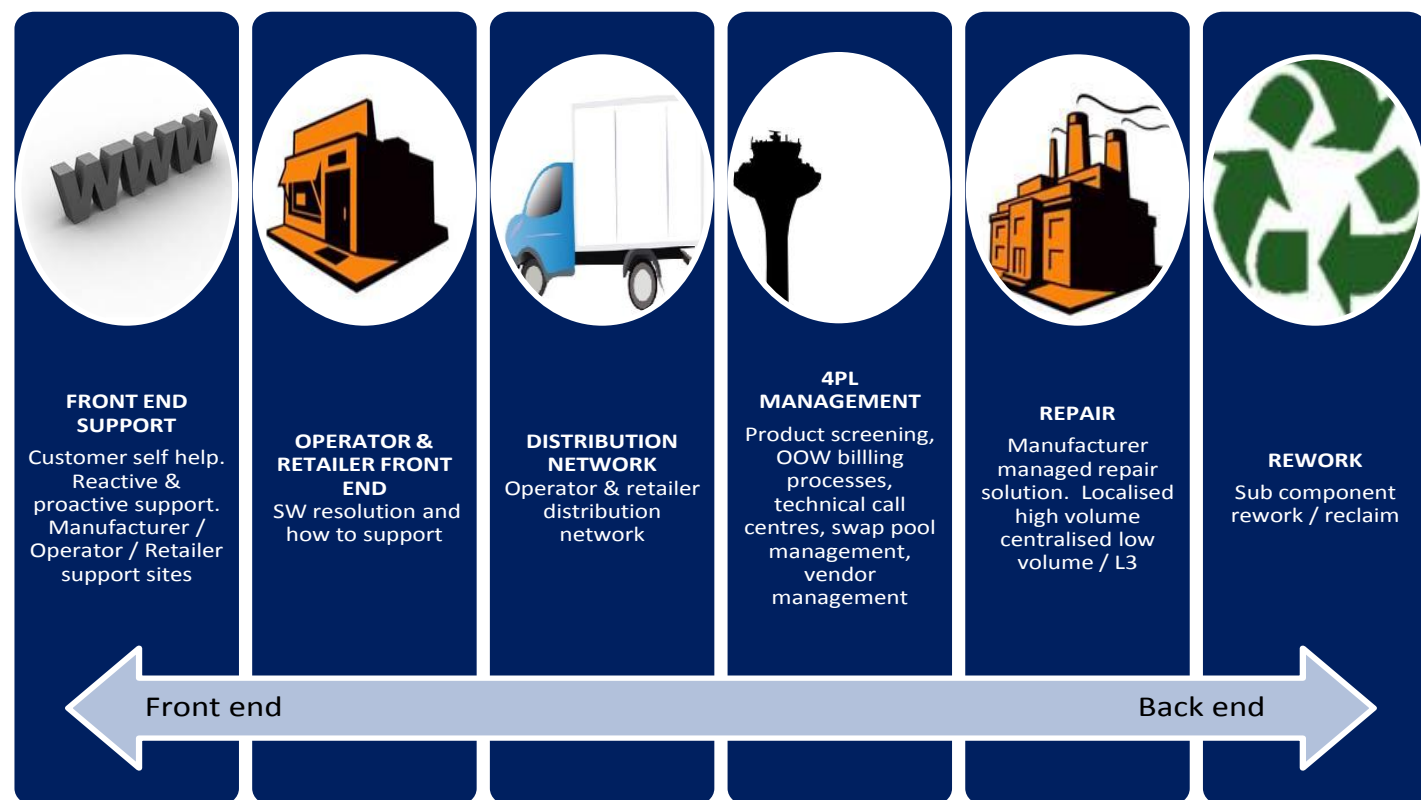
With ever larger screens and AUPs there is an increasing financial and environmental pressure to rework sub-components. This non TAT dependent repair will be done in low cost territories and progressively we see the manufacturers working closer with the sub-component manufacturers on both how and where these repairs occur. This also ties into the sub-component manufacturer responsibility for in warranty failures discussed in the reliability, supportability and repairability section.

SUMMARY

In today's market, device manufacturers cannot afford to not have a well thought through After-Sales strategy. The level and speed of change demands that the manufacturers make sure they have the right people in the right place. This is also true for the repair companies and 3PLs. They need to position themselves with the right services, capabilities, IT and cost base to benefit from the changes. Over the next two to three years there will be two groups of companies, those who made it happen and those sitting there saying "what happened"?

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FIGURE 4: MANUFACTURERS TAKE GREATER RESPONSIBILITY FOR REPAIR AND THE OPERATORS & RETAILERS INTERFACE WITH THE MANUFACTURERS THROUGH A 4PL



David Cope, Founder, MGH Consulting. Managing Director of MGH Consulting with 21 years experience in

After Sales Service and Supply Chain Management. Major operational roles in Xerox and ICON with multi-million Euro P&L responsibility. Global Consultancy experience as a Principal in Pricewaterhouse Coopers. Successful delivery of major change initiatives in some of the largest global service operations.

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Technical Trends

Healthy, Lean or Anorexic

I attended my first Lean-Sigma training with a focus on Kaizen events in 2001. Previous to my Lean-Sigma training I had received training on various other 'flavors' of process management that were to be THE new way to fix all production ills. These included; Quality Circles, Total Quality Management and Voice of the Customer. Limited to just Lean-Sigma events, I have participated in, witnessed or audited the results of 100 or so Kaizen events across six companies. In that entire time I never documented any savings or benefit to a repair process or to most manufacturing operations, six months after the Kaizen event. In spite of the terrific charts, great PowerPoint, joyous meetings and backslapping pizza parties to celebrate the achievement-my total experience with all things 'Lean' has been worse than a joke.

What is even more damning is that almost universally when you have dinner or lunch with the Industrial Engineers involved off-site, they all concur that what they are doing has limited value at best and may be detrimental,

but they would prefer to keep their jobs over discussing the failures. The problem is there is such an evangelistic desire for Lean-Sigma/Six-Sigma to be the solution to getting a business back on track, that it is considered heresy to make any negative observations or comments. The good news is that tide is changing and the truth is bubbling up. The result will be good for all especially the "Lean Movement" itself.

Since 2008 on there have been a flurry of articles documenting the high rate (~60%) of failure from "Lean" projects. What is behind this trend that is causing a program of such promise to deliver such levels of disappointment? One article pointed to an engineering concept called the Stress-Strain Curve as the problem. For me I had always held a similar view rooted in the cognitive dissonance of the Hawthorne Effect. Make any change good or bad and then pay a lot of attention to it and for the period while you are watching, all looks great. Turn your head and it all falls apart. Sound familiar? Very much the Industrial Engineering

equivalent of Schrödinger's cat-you never really know if the changes worked until you open the box (or look at the P&L six months later).

As I have further considered in more detail the various implementations of Lean projects or Kaizen events, I have since refined my opinions. What I now feel is at the root of how and why Lean in all its variations fails is principally originates in Management focus and Operational noise.

MANAGEMENT FOCUS: The one area that I have seen positive results from when Lean is implemented is when the project focuses on waste. Almost every Black Belt will tell you, that waste reduction is the one area where Lean as a method works best. In fact they will typically target ~80% of any possible benefit from Lean Methods will result from the purging of waste. What seems to happen is that a Lean Program will start at a company and have some quick wins on eliminating waste. These improvements tend to actually work, at least for a time. Once

solved, what project should the Lean team tackle next? Well of course, the focus begins to shift to process. As the management team moves for greater focus on process and to a specific schedule (this quarter) to deliver the results, a positive outcome for the project becomes less likely.

Plainly stated-this skewed focus on process over waste comes from management ignorance. If a company is succeeding in any manner, it must be innovating. This rate of change from innovation is accelerating at a rate that most senior managers struggle to keep up with. By the very nature of success from innovation senior management begins to know less and less about what is really going on and what levers to pull to manage the operation successfully. So the Industrial Engineers go off and attempt to drive process change and meet the schedule and financial targets. The results reported back are all positive and the failure from the project in January is ignored as the details of the project we are working in May are now front and center. This also plays into a form of hubris from the anonymity of the process. Perhaps better said another way, who do you blame if the results don't appear? Really no one. You just blame the process. The protection gained by managers from the process is another powerful attractor for Lean management techniques. There is always a reason to point forward to the next project that will have a better outcome, next quarter...

OPERATIONAL NOISE: The best way I can think of to explain this issue is to recount a true story. You may not believe it but I assure you this is true. At a contract manufacturer I worked for several years ago, a new COO was hired from GE. He was a huge believer in Lean in all its forms but had little understanding of Reverse Logistics. One of the requirements he flowed down to all the operational sites was that 'every program needed to have a Kaizen event every week'. On the surface that may not sound too bad. But let me share with you the outcome from a single repair production line.

Each week a group of 4-8 staff would be removed from the production line for a week for the Kaizen event. They would get a day or two of training, spend a day or so on the production line re-engineering the process. Followed by the final day or so documenting the results. The results were always positive. I was tasked to look at the preceding eight months of data and report on why the site was not making money. During that period the reported benefit from the various Kaizen events reflected that the MPUs (minutes-per-unit) was negative. Yes, you read correctly. If the Kaizen reports were to be believed, the product was repaired before it was ever unloaded it from the trucks! Obviously this was not reality. What really happened is that there were massive quality issues and MPUs had grown by ~35%.

What was causing the failure? Consider something as complex as a repair process. If I am changing out a portion the staff once a week and then rolling out a process change-what will be the result? Total and utter chaos. No one really knew what the process was and with all the noise there was no way to hold anyone accountable. The good news is that now there were a lot of new areas to start eliminating waste from.

In closing I would share these thoughts in avoiding the thought tunnel of Lean-Based-Failure. The Innovation cycle is accelerating. Operational processes are an outcome from that innovation. This rate of change leaves top management really not understanding enough of the details to effectively direct anyone. Delegation and open communication is key as is an unflinching reliance on objective measures and a commitment to creating a sustainable operation. Don't destroy what you have, while trying to make it better.

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**B r y a n t
U n d e r w o o d**
manages Public Safety Sourcing for Cassidian Communications, an EADS North America Company in Frisco Texas.

Returning Thoughts

Tips to Improve Reverse Logistics Outsourcing Partnerships

Reverse Logistics outsourcing solution partners are developing skills and services at a rapid pace. There is a broad selection of excellent Reverse Logistics services now available to assist OEMs. As a result, many OEMs are now seeking best practices and better ways to work with Reverse Logistics outsource partners.

This article is a collection of tips assembled from conversations with OEM's on the outsourcing decision, working with outsourced partners and on managing,

monitoring the outsourced partners to improve Reverse Logistics.

Look for Your Points of Risk - even if you rely on a partner to help you with some aspects of your processing, ensure you understand the points of risk to your company. For instance your outsourced repair partner may be holding your work in progress, refurbished or parts inventory and you may wish to closely manage inventory levels to reduce the risk of excessive inventory levels.

The Market Should Yield Stronger Skills Than You Can Develop Internally

— as reverse logistics outsource partners become increasingly sophisticated, there is significant additional reason to outsource certain aspects of your Reverse Logistics processing, since it is becoming increasingly difficult to develop the necessary skills quickly and cost effectively from within your corporate environment.

Reduce the Need for



responsibility for repairs to the original manufacturing partner. Many OEMs and outsourced partners are getting very creative in this area since the OEMs are often willing to pay additional amounts for the comfort, convenience or reduced management required for additional services. Work together with your partner to design a contract that is win-win for both parties. Monitor your partner to ensure they remain successful.

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Information – while you still need to maintain control of risk areas, look for areas where too much time and energy is spent gathering, analyzing or managing data or processes. Do not let your staff “hide behind” the need for more and more data or IT issues. Seek to outsource these functions with your existing partners or with new partners. Develop a structure to remove yourself from the data or process and transfer the responsibilities to your partners.

Utilize Financial Incentives – provide a financial reward to your outsourced partner for success. For instance you may wish to pay more for a higher yield rate on repairs

Find Ways to Move Risk and Responsibility to Your Outsourced Partner – there may be much less risk to manage if you can transfer it to your partner. For instance, some OEMs are moving all

Good Luck!



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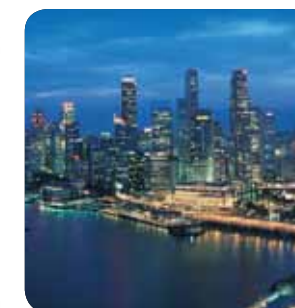
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- Successful Outsourcing - RFQs, Contracts and SOW presented by Gailen Vick, RLA
- Customer Experience by Kok Huan Tan, Senior Service Program Manager, DELL
- Leverage RL to Drive Sustainability & Reduce Expenses by Jesse LaRose, ESE Solutions



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