

REVERSE LOGISTICS magazine®



**The Lion and the
Mouse: A Reverse
Logistics Story
- pg 22**

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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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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editor@RLmagazine.com



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

Video



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What is the Reverse Logistics Association?
by Reverse Logistics Association

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Message from the Editor

My father is in the scrap tire recycling business and after having visited him this summer I heard some interesting facts about this industry and decided to look into it further.

Crumb rubber is the proper name for material gained by reducing scrap tires into uniform pieces (crumb) with steel and fiber removed along with other types of contaminants such as rock, glass or dust.



Overall, a typical scrap tire contains (by weight):

- 70 percent recoverable rubber
- 15 percent steel
- 3 percent fiber
- 12 percent extraneous material (e.g. inert fillers)

On average, 10 to 12 pounds of crumb rubber can be derived from one passenger tire.

Cleaned Crumb rubber is used for sports fields, automotive parts, construction, landscape (trails and walkways), playgrounds, asphalts, pavement, sandals, paint and other rubber and plastic blends.

Recovered rubber can be used for fuel because of their high heating value. It's not technically classified as recycling but its better to recover the energy from a tire rather than discarding it to a landfill. In recent years 130 million scrap tires were used as fuel, which is about 45% of all tires generated. The EPA acknowledges tire-derived fuels as a viable alternative to the use of fossil fuels.

In landfills, tires consume on average up to 75 percent air space. Also, tires may become buoyant and rise to the surface if they trap methane gases. This can tear landfill liners that are put in place to prevent toxins from polluting surface and ground water.

Those tires we ride to work on can be very destructive if thrown to waste but can also be valuable and helpful if disposed of properly. Hopefully as time goes on the scrap rubber industry will gain momentum and more government programs will be hopefully put in place.



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 11-14, 2013

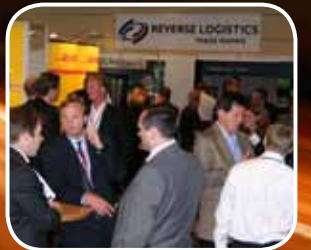


Over 150 Exhibitors and Sponsors – 1,500 RL Professionals Representing 700 Companies

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

CUSTOMER SERVICE

I sometimes assume that everyone knows that RL Magazine is owned and operated by the Reverse Logistics Association. Last month was the 10th year since I founded RLA on June 22nd. My life has been a personal whirlwind since that date. So much has been accomplished in bringing together 3rd Party Service Providers at our Conference & Expos in a setting that Manufacturers and Retailers are able to evaluate solutions that are available. RL Magazine has been able to bring to the attention best practices that have been found as our Staff has visited companies around the world.

We have become a platform for business to advertise new products and technologies to companies that are looking for solutions.

It is with that tradition that this month's edition of RL Magazine has 2 great stories of "site visits" by our Staff. We visit companies all around the globe and more than occasionally we find companies that have new or proven ideas that are worth noting. The first "site visit" articles this month come from Atlanta, Georgia, USA and the second is from Amsterdam, The Netherlands.

No matter what we see or hear on these "site visits" by our Staff, the underlying theme is always the same, Customer Service. So make sure that you pay attention to Avnet's Integrated Services and Renova Technology's service solutions that are highlighted in this month's issue.

If you are feeling the bite of the global recession or just want to serve your customers better, look within to your customer service departments. If you are not aware of the customer retention and satisfaction that is generated from these groups, look again. More corporations are using tools such as "Net Promoter Scores" to judge just how well they are doing with improving customer relationships.

I hope you will continue to use RL Magazine as your tool for information on Reverse Logistics just as you have turned to the Reverse Logistics Association for helping you meet the key contacts in this fascinating

process of RL. Oh, and don't forget our Weekly News Clipping that we have been publishing for over 9 years.

As you can tell, we the RLA Staff are working overtime to make sure you are served. I hope that you have heard about our Live Steaming Video and Recorded Steaming Video of the RLA Conferences & Expos!

Best regards,
Gailen Vick, Founder & Publisher
www.RLA.org

CUSTOMER SERVICE

- OUTSTANDING
- EXCELLENT
- VERY GOOD
- AVERAGE
- BELOW AVERAGE

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 at Walmart - 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

Chairperson - Steve Wallace
COMPUMAR

- Steve Wallace, Planes of Fame Air Museum
- Bernie Gagnon, Kuehne

+ Nagel, Inc.

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Co-Chairperson - Liz Barnes
Committee Coordinator - Ikechukwu Dike

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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
- Charles Chappell, Genco ATC
- John Damm, Lexmark
- Maryellen Daniels, ITRAN Electronics Recycling
- Jack DeButts, Dell
- Ikechukwu Dike, Coventry University
- Christopher Fabian
- Rubina Farooq, LG Electronics
- Elaine Gasser, HP
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- Chris Griffin, Sprint Nextel
- Brad Larsen, Hewlett Packard
- David Liscom, Hyper

Microsystems Inc.

- John McGurk, Globalware
- Jason ONeill, UPS Supply Chain Solutions
- Mark Prol, Inmar
- Jeffrey Reed, InFonte
- Paul Rupnow, Andlor Logistics Systems Inc
- Jim Rushton, Encompass
- Tony Sciarrotta, Philips
- Chris Tejeda, Inmar
- Liz Walker, Image Microsystems
- Bryan Warner, Forse Inc
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- Alan Clark, Seagate Technologies
- David Liscom, Hyper Microsystems Inc.
- Steven Snyder, IRSC
- Wes Stott, DEX

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Hedgepeth
American Public University
Co-Chair - Bruce Stevenson, Independent
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- Pat Coats, Kellogg Company

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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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- Summer Irvin, Overstock.com
- Rene’ Kostosky, Dick’s Sporting Goods

- Andrea Newman, Best Buy
- Anthony Pereira, Barnes & Noble
- Gregor Thompson, GENCO ATC

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- Gabriel Medel, Electronic Recycling and Trading Inc

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- 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 21



Avnet Integrated: New Business. New Life

by Joost Masseur, Avnet & Julie Chamberlain, Reverse Logistics Association

Avnet's pursuit of growth has led them to make some strategic investments in adjacent markets that provide a win-win benefit for Avnet and its customers.

Leveraging Avnet's core competencies and brand recognition in traditional

distribution, its global footprint and position in the center of the electronics supply chain, Avnet is pursuing opportunities in the aftermarket services industry by going to market under the brand name Avnet Integrated Resources.

Aftermarket services include all activities associated with supporting a product after its sale. Two of the main business activities associated with the aftermarket are refurbishing or repairing electronic devices in order to extend their useful life and maintain their value.

Then, at the end of life, electronic devices are collected, demanufactured and turned into scrap that is sold downstream to a refiner or smelting company for reuse.

CONVERGING FACTORS

Convergence of some significant economic, environmental and technological market factors led Avnet to move into this arena. With technology, one can always count on change. Technology advancements create growth opportunities as well as shortened product lifecycles. To keep pace and stay current by replacing electronic systems or devices, businesses and consumers often face the challenge of what to do with their aged equipment. And of course, environmental responsibility prompts people and industries to take steps to adopt more sustainable practices and avoid adding to landfills, as products can no longer be tossed in the trash bin.



FIGURE 1: BGA MACHINE

Companies can no longer afford to throw away materials that are beyond their useful life. Environmental concerns prompt people and industry to take steps to avoid adding to landfills. And technology advancements cause confusion among consumers who don't know when to buy the next cool gadget.

These concerns have created new global opportunities in repairing or refurbishing goods, which contributes to sustainability, ensures information security and recaptures base and rare earth materials and plastics.

Market forecasts for aftermarket services are still in the early stages; as a result, there is a wide range of market numbers. The general agreement,

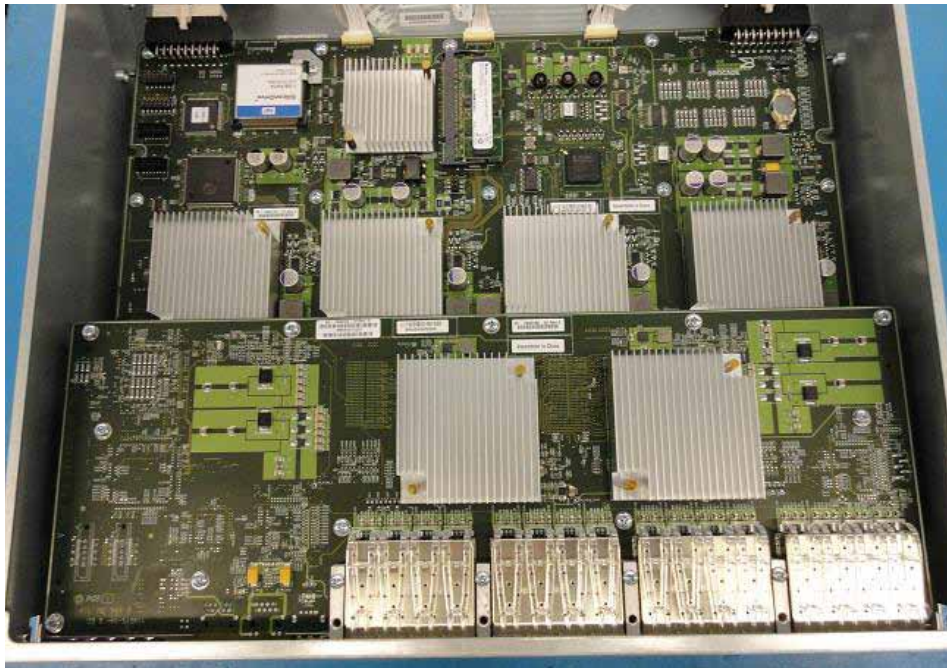


FIGURE 2: BROCADE SWITCHCOPEN

however, is that the global aftermarket services market for electronics equipment is well above \$250 billion. Moreover, these services create opportunities for

FIGURE 3: NETAPP TEST RACKS



solid margins and returns, which are attractive for Avnet and its shareholders.

By expanding into markets adjacent to their core electronic components and enterprise computing businesses, they can leverage some key existing strengths while adding to overall services resulting in increased value for partners and shareholders. Avnet's customers have come to count on them for delivering



FIGURE 4: PDSI TEST FIXTURE OPEN

technology, services and solutions that matter; this is another example of ability to use their understanding of the technology supply chain to accelerate their success."

Currently, more than 50 percent of Avnet Integrated's target customers are electronics original equipment manufacturers (OEMs) who coordinate much of their own aftermarket activities, either internally or with service providers.

Generally, those who handle their own reverse logistics would prefer to turn it over to a responsible third party, and ideally a one-stop shop with capabilities that include a technical call

FIGURE 5: BURN IN AREA



center, board repair, field service, refurbishment, asset recovery, demanufacturing and e-cycling.

Avnet Integrated is building a services business that answers the call, with locations in North and South America, The Netherlands and Singapore.

The electronic product aftermarket is fragmented and ripe for consolidation. Many small companies perform a specific service in the aftermarket, but none provide a total solution like Avnet Integrated is building with strategic acquisitions. "The plan is



FIGURE 6: NETWORK REPAIR

to continue to seek out and acquire companies in this space that will contribute revenue, management and operations expertise, and bring with them their existing customers,” says Steve Church, president of Avnet Integrated.

It is noteworthy to mention that a few EMS providers – or contract manufacturers – offer in-warranty repair

for products they originally built; but again, they offer a specific service, not a total solution.

Initially, Avnet Integrated’s acquired companies will initially operate as independent entities and will only be partially integrated into Avnet.

During the second quarter of fiscal year 2011, Avnet acquired two aftermarket companies: U.S.-based Broadband Integrated Resources, a specialist in cable TV equipment repair, refurbishment and disposal, and Center Cell, a Brazil-based cell phone and board repair operation. Since then, Avnet Integrated has added three more strategic acquisitions:

ROUND2

As a leading eRecycler, ROUND2 manages a global network of approved smelters and refiners to ensure secure chain of custody. The goal is zero e-waste to landfills, supplemented with full management of the byproducts – like paper and plastics – maximizing the commodity values of end-of-life materials.

Its IT asset disposition (ITAD) services integrate the core services of logistics, equipment auditing, information cleansing and customer reporting to provide the tools necessary to effectively and efficiently manage the end-of-life retirement process. ROUND2’s ITAD program allows customers to focus on key business initiatives and not worry about return logistics, data security or

business disruption during equipment transition.

And finally, to meet enterprise security requirements, ROUND2 offers physical destruction of data-containing media, including hard drives, optical discs, magnetic media and flash devices. It certifies the destruction and provides video documentation.

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.

“I found the workshops and seminars to be a great opportunity to discuss best practices and real world experiences.” - Dean Schiavone - Director, WW Reverse Logistics, Cisco Systems

“The presentations at the Reverse Logistics Seminar were informative and pertinent. I definitely recommend these events to my RL colleagues.” - Arthur Teshima, VP Business Development, Bell Industries



FIGURE 7: RECEIVING

PINNACLE DATA SYSTEMS, INC. (PDSI)

PDSi partners with OEMs to develop service programs tailored to their specific requirements. From depot repair and field support to global supply chain management, PDSi's programs allow OEMs to minimize touch points and inventory costs, reduce administrative costs, shorten response and repair

time and dedicate additional resources to their core competencies. It provides a broad range of services, including reengineering, redesign and reverse engineering for end-of-life (EOL) product support as well as for existing products, EOL component sourcing, lifetime inventory of EOL components, continued manufacturing of legacy products and OEM and third-party component warranty management.

NEXICORE

Rounding out Avnet Integrated's complete suite of aftermarket services is Nexicore. It offers a comprehensive suite of computer services and runs a technical call center supporting more than 4,000 field-service technicians with technical training, call dispatch and customer service. Nexicore also operates an onsite field

support division, providing laptop and desktop repair, LCD flat-panel TV and monitor repair, repair and installation of interactive whiteboards and IT enhancement services for consumers and small businesses. It also performs depot refurbishment and repair at two locations, specializing in laptop and desktop computers, commercial computer systems, gaming units, printers, computer peripherals, servers, point-of-sale devices and related electronic equipment.

across a broad range of product categories. And with its strong technical and engineering experience, Nexicore can provide unique solutions or obtain scarce parts when needed. The Avnet Integrated executive management team, led by President Steve Church, includes experienced business development and sales leaders Bill Wentworth, Scott Delaney, Randy Weiss (formerly CEO of ROUND2), John Bair (formerly CEO of Pinnacle Data Systems, Inc.), Brian Mittman (formerly CEO of Nexicore) and Amy Roffmann New, who is the director of operations.

Avnet Integrated has developed a sustainability strategy and is building a business to serve electronic manufacturers and end-users that are specifically looking for repair, refurbishment, asset recovery and responsible disposition of technology products after they've served their useful life. As this market continues to grow, so too will Avnet Integrated's far-reaching potential, which is good for customers and good for the planet.

RLM

FIGURE 8: RECEIVING DOCK



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
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 - 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

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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

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

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

REGIONAL FOCUS

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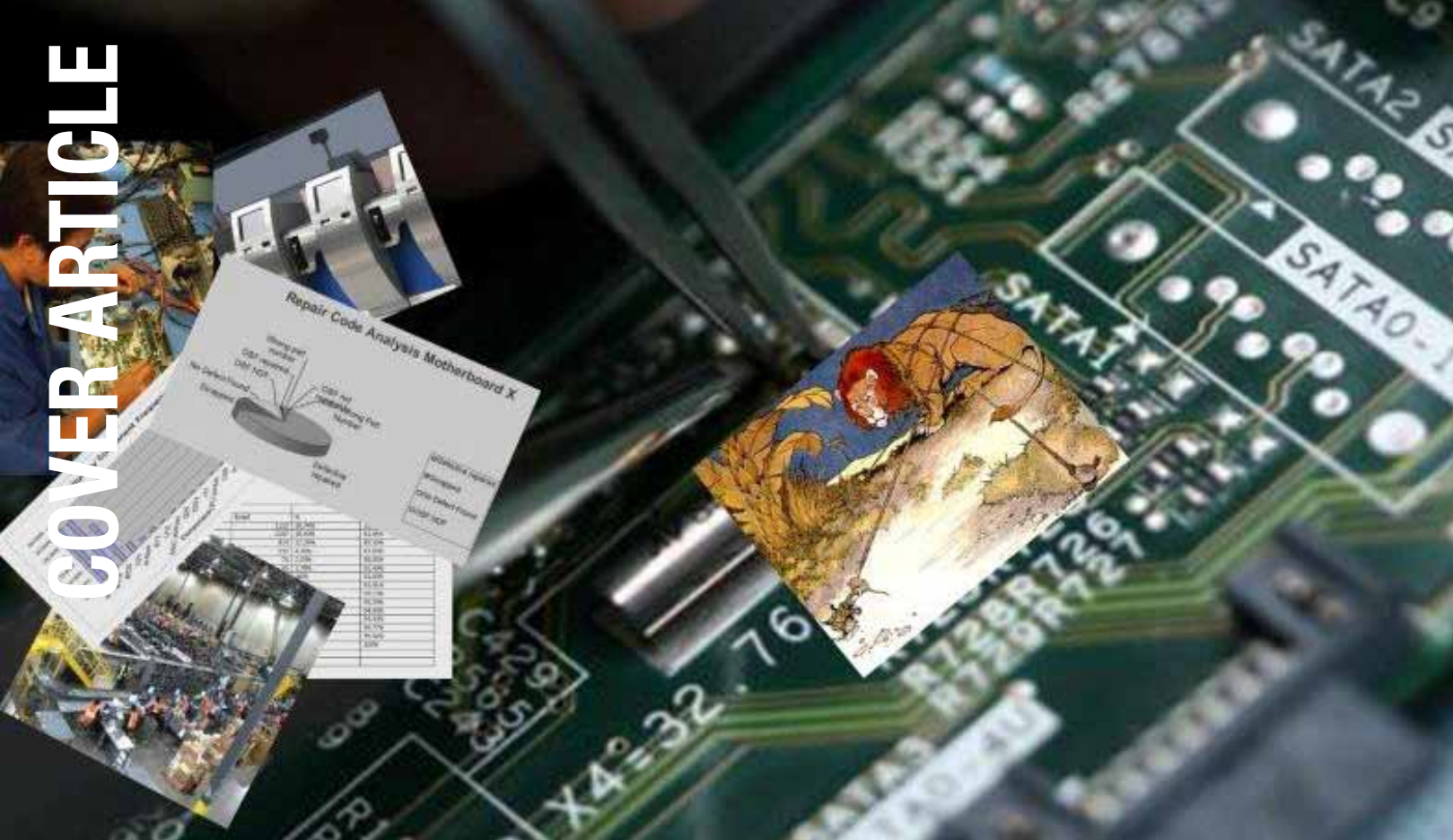
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The Lion and the Mouse: A Reverse Logistics Story

by Jonathan Pine, Renova & Reverse Logistics Magazine

Reverse Logistics Magazine and RLA President, Gailen Vick pay a visit to Renova Technology and speak with CEO and Founder, Jonathan Pine.

RLM: Thank you for the invitation to visit your facility. Could you give us a brief overview of your company?

JP: Absolutely. Renova Technology was founded in 1996 as a repair depot in support of remarketing companies. Over the past two decades we have become well known for our core competency: the component level repair and rework of complex and often proprietary circuit boards, along with a host of repair data collection

and analytics. Though we are a comparatively small service provider, we work primarily for large OEMs who attribute importance to this data to drive down their TCO, and who wish to maintain transparency and our invisibility to their customers.

RLM: How do smaller reverse logistics service

providers play an important role in today's manufacturing industry?

JP: Well, I like to use the children's tale "The Lion and the Mouse" to illustrate this. Large manufacturers - the Lions - have their focus on manufacturing, marketing, and distribution. But, like the Lion in the story, they can become "tied down" by a myriad of reverse logistics challenges. That



FIGURE 1: GAILEN VICK VISITS RENOVA AND SITS DOWN WITH JONATHAN PINE, CEO

is where the specialization and flexibility afforded by smaller enterprises in the reverse logistics industry, such as Renova, come to their aid. I know of RL programs comprised of several small RL providers,

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working together seamlessly. Also, providing services physically close to the OEM or their forward distribution hub is important as well.

JP: We truly strive to be efficient in all areas of the repair and reverse logistics

FIGURE 2: BEST PRACTICES IN FAILURE DIAGNOSIS



RLM: I understand you support critical products for a major Fortune 500 manufacturer. How do smaller enterprises meet the KPI's demanded by a large OEM?

cycle. By implementing various quality programs such as Lean Six Sigma, 5S, and Toyota Production Systems we can work in harmony with our customer's processes. We also have our proprietary IT system which allows us to seamlessly integrate with those of our customers and their other vendors. This provides reporting flexibility that might take large enterprises years to develop. We focus on repairing down to the component level and tracking every component repaired or replaced and maintaining a serial-

Repair Code Analysis Motherboard X



FIGURE 3: SAMPLE OF REPAIR MODE ANALYSIS MOTHERBOARD X

number specific history for every part number touched. This is the information that drives the analytics we use with our customers to be proactive, drive down their costs, and continually improve our processes and efficiencies.

RLM: Improving efficiencies in the supply chain is certainly a hot topic in the logistics industry. So is identifying areas to increase profit in aftermarket sales. How does your reverse logistics

experience help in that regard?
JP: Again, it comes down to the detail, breadth, and ultimate transparency of the information we gather from the returned products. It is a well known industry statistic that 30+ percent of returned items are no fault found. We report the disposition of every product that passes through our facility, whether it is repaired, scrapped, or no fault found. We were one of the first repair

organizations to “open the kimono” so to speak, and share this information with the manufacturer. Frankly, that was an anxiety producing step. It could have been detrimental to our bottom line to admit that they were sending us products that did not need repair. However, because of our integrity and transparency, we were - and continue to be - awarded with more business and special projects. “Everything we do must begin, and end, with the customer.” I took

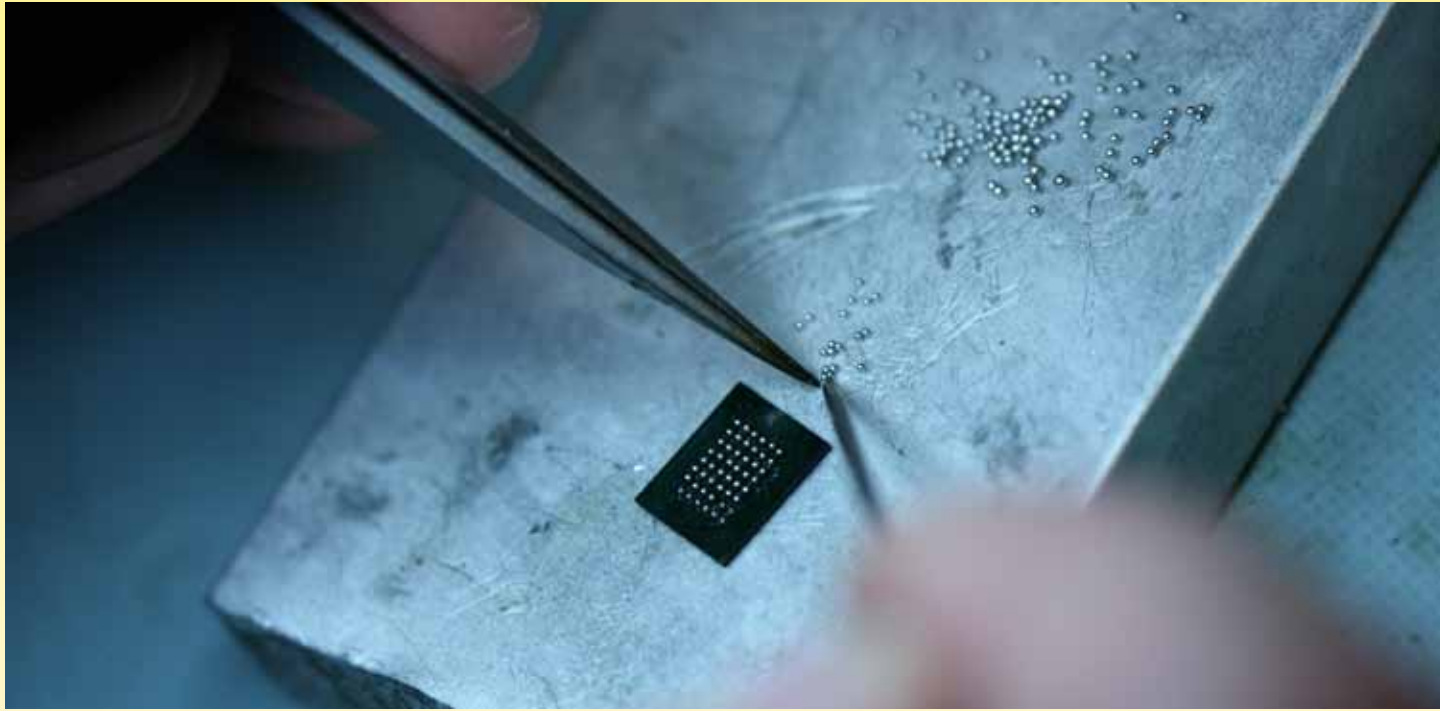


FIGURE 4: MICRO BGA REPAIR

that vision statement from a customer, and it works for us.

RLM: Yes, I can see how this information can benefit the manufacturer. Do you have any other examples of reverse logistic “mice” helping the “lion”?

JP: Studies by supply chain consultants such as Blumberg cite the importance of and increasing reliance upon smaller regional RL providers to address RL challenges that have been

previously handled by the “big guys.” At a recent event in Atlanta, I heard the EVP of Global Solutions of a Major POS OEM herald the importance of “local sourcing.” I think geographical location plays an important role in reducing TCO. In response to this need, we currently operate a co-located facility with a major 3PL to support a major electronics manufacturer. We candidly refer to the program as “Renova- in-a-Box.” Our organization is responsible for the triage, disposition, technical repair, kitting,

and repacking of the returned items. This process takes place in the larger operational facility of our partner, who handles the RMA, credit reconciliation, transportation, and warehousing. By co-locating these operations, we are able to drive down the customer’s total cost of ownership by decreasing transportation legs, administrative, and inventory costs, while increasing the velocity of return to market. This program is easily replicable, and we plan to

open similar co-located facilities domestically and internationally, allowing our customers to benefit from local sourcing in the reverse supply chain.

RLM: You make a good point in regards to transportation and administrative costs. Do you have any other programs that help manufacturers in this regard?

JP: While we understand that a great deal of electronics manufacturing and often repair is

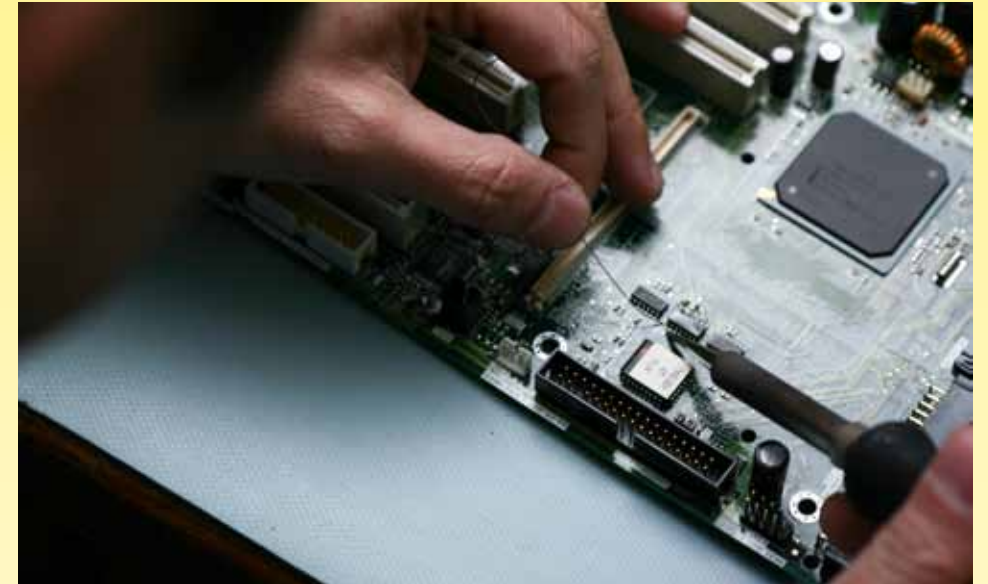


FIGURE 5: PRECISION BOARD LEVEL REPAIR OF COMPLEX CIRCUIT BOARD

outsourced and performed administrative, and in low cost countries, inventory costs incurred the cost of labor is with the reverse logistics only a component of of certain products that are manufactured overseas. They approached us to design a solution to provide

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Repairs	Total	%	cum
R165	1123	30.74%	30.74%
R178	1107	30.30%	61.05%
BIOS	814	22.28%	83.33%
U25	157	4.30%	87.63%
Re-flash	74	2.03%	89.65%
BT1	65	1.78%	91.43%
U15	22	.60%	92.03%
MACaddress	21	.57%	92.61%
Q25	19	.52%	93.13%
C253	17	.47%	93.59%
J31	16	.44%	94.03%
CPU socket	15	.41%	94.44%
U28	12	.33%	94.77%
ec49	9	.25%	95.02%
Other	182	4.98%	100%
Grand Total	3653		

FIGURE 6: DETAILED REPORTING

domestic repair for these products. The program involved partnering both with our customer and the CM. It has been up and running for over five years, and we have saved our customers millions of dollars as result of this program.

RLM: Outsourcing is certainly another topic that concerns manufacturers. As a third party repair provider, what are your thoughts on outsourcing?

JP: Well, excellent studies and articles have been published on the subject. Each organization has to decide if outsourcing a particular function makes sense for their situation. But, the value of outsourcing for large organizations has become more apparent. Again, like the Lion in our story, large enterprises cannot afford to be as nimble as the smaller, localized specialists in the reverse logistics process. The smaller organizations can adapt quickly and

implement customized programs, and help with white glove projects, again freeing the Lion to focus on day to day objectives.

RLM: Well, you certainly have given us many examples of how smaller reverse logistics specialists come to the aid of the large manufacturers. Thank you for the tour.

JP: It has been a pleasure!

RLM

Read the Press

PTC Named ‘Leader’ in Worldwide Warranty Transaction Management Market in New IDC MarketScape Report

25 July 2012-PTC today announced it has been named a leader in warranty transaction management software, according to a new report from IDC Manufacturing Insights (IDC MarketScape: Worldwide Warranty Transaction Management 2012 Vendor Assessment, Doc#MI235797, July 2012). IDC Manufacturing Insights examined the capabilities and strategies of key vendors in the warranty software space and determined that PTC is a leader because its warranty solution enables durable goods manufacturers to have better visibility into product performance and warranty performance metrics that can improve quality, reduce warranty costs and retain customers.

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Encompass Acquires Consumer Electronics Division of Herman Electronics

Lawrenceville, GA—24 July 2012—Encompass Supply Chain Solutions, Inc. (ESCS), a leading provider of forward and reverse logistics for a diverse range of electronics products and replacement parts, today announced it has agreed to purchase the consumer electronics assets of Herman Electronics, Inc., a top distributor of factory original electronics replacement parts and accessories. [CLICK HERE](#)

BrightPoint Australia Announces Distribution Services Agreement with ZAGG

Indianapolis, IN—23 July 2012—Brightpoint, Inc. (“BrightPoint”), a global leader in providing device lifecycle services to the wireless and high-tech industries, today announced that its subsidiary, Brightpoint Australia Pty Ltd (“BrightPoint Australia”),

has entered into a services agreement with ZAGG International Distribution Limited (“ZAGG”), a leading mobile device accessories and technology company. [CLICK HERE](#)

Four Influential Ingram Micro Executives Named “Top Women of the Channel” by CRN Magazine

23 July 2012-Ingram Micro Inc. today announced four members of its executive leadership team have been recognized by CRN Magazine as “Top Women of the Channel.”

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Bangalore goes green with GreenDust’s first franchisee store; Kashi Inc

New Delhi, Delhi—20 July 2012—GreenDust, an established brand by Reverse Logistics Company Private Ltd. (RLC) has ventured into the Bangalore market and launched its first franchisee store; Kashi Inc. Deputy Chief Minister of Karnataka Mr. R Ashok Kumar was present to inaugurate the store launch. Guest of Honor, Mr. Sudeep, renowned Kannada film actor was also present during the inauguration function. From the RLC team present were Hitendra Chaturvedi – Founder and Managing Director, Mr.Hemant RSM, Mr. Krishna and Mr.Praveen. [CLICK HERE](#)

RLA Announces 2 new solutions for simplifying Reverse Logistics Marketing Analysis

Live Streaming Video of RLA Conferences:

With the travel and budget restrictions imposed today on RL Professionals, RLA is excited to announce that Live Steaming Video is available during RLA Conference sessions for all our Keynote Speakers, general sessions, case studies and panels discussions.

If you missed the conference session you saw on the program or want to share the details of one of our speakers with your colleagues, then take advantage and preview the video Sessions online before selecting your purchase from one of the general sessions, case studies or panels discussions. Then from the comfort of your office or home you can analyze what key Retailers, OEMs and 3PSPs are saying. Select “CC” closed captions and select the Language of your choice. [CLICK HERE](#)

ECS Refining Hosts Open House Event at Stockton Facility

16 July 2012-On the 27th and 28th of June, ECS Refining welcomed customers, prospects, and friends to an Open House Event at the new, state-of-the-art processing facility in Stockton, CA. Guests came from all over the country to tour the new facility, attend workshops, and hear industry experts speak. With over two hundred people in attendance, the event was a great opportunity to share knowledge, network, and have fun at the same time.

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BrightPoint Enters Logistic Services Agreement With Fitbit, a Market Leader in Innovative Health and Fitness Devices

Indianapolis, IN—12 July 2012—Brightpoint, Inc. (“BrightPoint”), a global leader in providing device lifecycle services to the wireless and high-tech industries, today announced that it has entered into a logistic services agreement with Fitbit, Inc. (“Fitbit”), the market leader in the rapidly growing category of wireless fitness and health devices. [CLICK HERE](#)



What Cradle To Cradle Recycling Can Do For Us

by Michael Arms, Pacebutler Recycling

Environmentalists are skilled at identifying the disastrous impact of industrialization on the environment. Industrialists, on the other hand, find conservation advocates to be blind to the social and economic justifications for industrialization. They assert that if every environmental protection advice is observed thoroughly, it will lower living standards everywhere, technologically and economically. Both groups see industrial waste and the products that we create, as destructive to the environment. The choice is between rampant industrialization and narrow environmentalism.

Is there another way out of the box? As a matter of fact,

there is a third alternative. Cradle to cradle recycling.

Recycling, as it is being done today, is in fact “downcycling” or “Cradle to grave” recycling. This concept is explained clearly by architect William McDonough and chemist Michael Braungart in their 2002 seminal work, “Cradle to Cradle: Remaking The

Way We Make Things.” The stuff we improvise out of used objects are either inferior in quality (due to materials degradation or contamination) or use only very little of the old material (the remainder thrown away as poisonous waste in our dump sites).



Contrast this with how nature takes care of her waste. When a tree creates a thousand blooms to reproduce or replicate itself, it is highly likely that only one of those blooms will actually become a new tree. But, we don’t find the 999 other blooms wasted since all these fall down to the earth as nutrients to help begin the tree’s next reproduction cycle. In nature, nothing is ever wasted. Waste equals food, everything goes back to the earth as nutrient. This is known as sustainability, everything contributes to “sustain” the cycle and the process is replicated infinitely without any unusable excess.

What if we can adopt nature’s principle of sustainability and zero waste in our industrial production cycles? What if every machinery that we create can be reused, recycled, or totally reduced to its organic components? Cradle to cradle is the way to rebuild our industries to approximate the seamless process of sustainability in nature. How? Think of incorporating sustainability into every product. Engineers, architects, and designers will have to design in post-consumer product handling while the product is still in the drawing boards. Is the item reusable? Are all the parts recyclable? Are the parts, paints, and coatings biodegradable?

A lady who goes to the market considers using plastic bags or paper bags for her purchases. A town council in Europe considers if their town should keep using coal or switch to palm oil for power generation. In our daily routines, we frequently get trapped into “lesser of two evils” type of decisions. Plastic will not decompose for thousands of years and coal is the most polluting of all the fuels we burn. Conversely, paper production kills trees, and palm oil production decimates orangutans. Lesser evils. Since the start of the industrial revolution, we’ve been focused into this idea of limited options.



Cradle to Cradle recycling, once it becomes widely accepted (and the opposition of vested interests is enormous) will probably be the “next industrial revolution.” It shatters the appearance of limited choices, because when sustainability is a basic consideration in the product

design, we are not forced to make those constricting choices. Every machinery reaching the end of its life-cycle is either reusable, recyclable, or biodegradable. That is cradle-to-cradle recycling.



Michael Arms writes for the Pacebutler Recycling and

Environmental blog and maintains several recycling (<http://www.squidoo.com/recycling-recycling/>) and other environmental lenses in Squidoo. Pacebutler Corporation (<http://www.pacebutler.com/>) is one of several US trading companies which buy used cell phones directly from US cell phone users. You can also donate cell phones to your preferred charity or non-profit through Pacebutler at http://www.pacebutler.com/recycle_donate_cell_phones.cfm/.

RLM

RLA Announces 2 New Solutions for Simplifying Reverse Logistics Marketing Analysis



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Money Talks

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Technical Trends

Repairing Antique Treasures

In the business of reverse logistics it is easy to become overwhelmed with the constant focus on trying to make your margin targets and forget the amazing capabilities that RL specialists like yourselves bring to bear on adding value to defective inventories. It is in many ways a magical art that is not appreciated as much as it should be. A recent story in the LA Times caused me to take a moment and wonder-are we really on the right path with our obsession of minimum quality, high volumes and buy new?

In 1967 the US had Lunar Orbiter for mapping the moon in preparation for our manned moon landings. The Lunar Orbiter was an amazing device, even for today. It took very high resolution photos of the moon on 70mm film (yes photographic film). The film was developed and scanned by a photomultiplier tube, onboard the spacecraft and the images transmitted to earth with 10 watts of microwave power. Once received the images were recorded on an FR-900 Ampex tape drive. From this process came the famous 'earth rising' photo that made every major

newspaper and TV news show of the day. Fast forward to today. All that technology and the miles of tapes and data were almost destroyed. Then even after the tapes were found and archived, there was not a machine that could read the tapes and retrieve the images. The reason this is important in terms of history is because of the amazing level of detail these images contained. With 1967 technology we had captured images that rival those we can capture today.

After finding three scrapped tape drives from an old military base it took months of work and donations to get a single tape drive working. The solution that achieved this amazing success used electronic salvage yards, an old McDonald's restaurant, and some elderly engineers that had not seen the equipment for 40 years. When they first were able to get the tape drives working one of the engineers was quoted in the LA Times after seeing the fresh and clear image of Earth rising above the lunar landscape- "When that picture came up, I had tears in my eyes," It "was breathtaking," "It felt like

looking into the past."

This story resonated with me because I have always loved to fix things; my guess is that you also have this love. If that is the case, you know at least part of the feeling the retired NASA engineers are describing. The joy of being able to solve the riddle of making a defective product work is unlike any other. Whether you have a large repair operation or a small service shop, an ability to execute repair is regarded universally by the general public with some level of amazement. For the satisfied Customer you might as well have control of the philosopher's stone, when you return to them their phone with all their photos and videos still intact. The details are an amazing story I would encourage you to read at (www.moonviews.com).

That skill of troubleshooting and repairing is becoming tougher to maintain. The rate of obsolescence of products and components is accelerating. Any documentation of the repair process or the soft tools to enable the repair are getting tougher to find. I know you all have a sense of this, but

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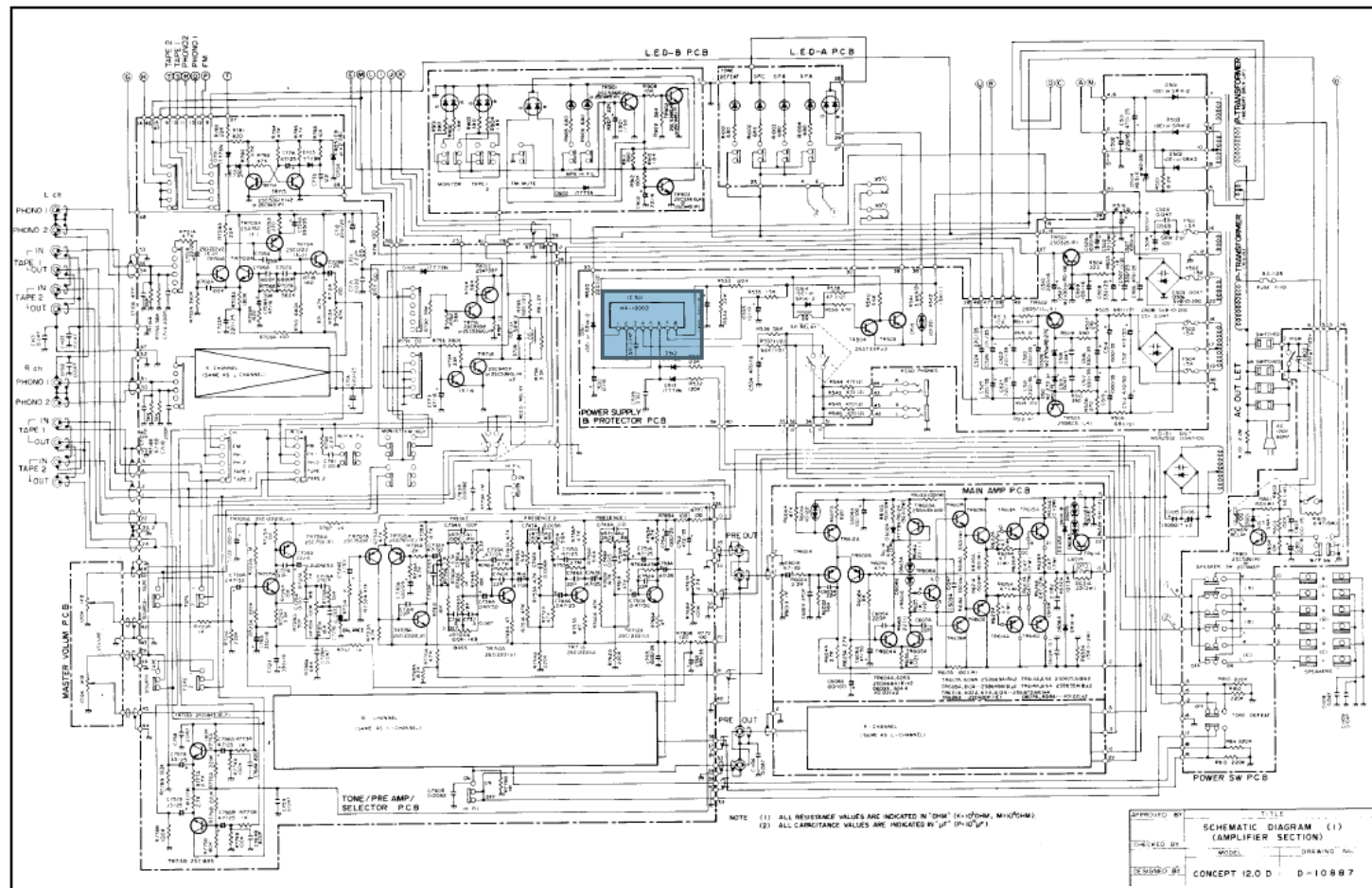
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let me take a moment and remind you of something that was once common practice. Did you know there was once a time when the owner's manual of almost any electronic product contained at least a schematic?

I recently was given a Concept 12.0d receiver that was not working. This is an amazing piece of technology that is about 35 years old. The Concept name was the house brand of Pacific Stereo. The receiver is massive, with large toroidal transformers, massive heat sinks and all linear output section. After just a couple of days I was able to get this antique working. This would not have been possible if the schematic had not been part of the owner's manual. Below is a

scan of one page of the schematic from the owners manual with the defective protection IC highlighted.

Once I diagnosed the defective part, ebay produced the replacement. Today the receiver is working great and a solid performer.

This manual even had a troubleshooting guide and the schematic had full part numbers, notes and values included. Can you imagine today a company providing schematics, service manuals or even flash tools for electronic products? This is odd to me because the costs of archiving and preserving these data are much cheaper today with cloud storage compared

to printing manuals. But there is such a focus on selling new products and limiting liability that trusting the consumer with such information is almost unthinkable. It is a sad state that for me far outweighs the possible benefits. Where will we turn in 40 years to recover data from an old cell phone in a police evidence locker from a cold case? I am not sure, but it sounds like a business opportunity to me.

RLM



B r y a n t Underwood manages Public Safety Sourcing for Cassidian Communications, an EADS North America Company in Frisco Texas.

Returning Thoughts

7 Steps to Successful Reverse Logistics Operations

How well are you managing your Reverse Logistics Operations? How do your operations people determine the best course of action for that pallet full of returned goods that just arrived?

Returns operations and processing is an emerging topic that has been neglected for a long time. There is no school for reverse logistics, no rules or methods, and no best practices or comparisons. How do we know WHAT we should be doing? How do we know HOW WELL we are doing?

Whether you are an OEM, a Retailer, a Distributor or a Third Party Service provider, there is significant opportunity for large gains for your customers and for your company by carefully understanding your entire

Returns operations.

Processing a Returned item is much more complex and involves many more transactions than the forward supply chain. But, with a little attention, there are some big opportunities available to reduce costs, recover value and improve customer service.

7 Steps to Successful Reverse Logistics Operations

The following outlines 7 steps you can perform to improve your operations:

1. Centralize your Returns Operations

So many people, scattered across so many departments, at so many geographic locations, from several different

companies, are all needed to process one returned item. Reorganizing all returned items, types, people and processes into one centrally managed group can be the cornerstone for change and success.

2. Appoint a Leader

Returns are a secondary responsibility for the department managers (i.e. customer service, warehouse, repairs, or finance). Returns are a small, annoying part of their group. Since most of the Returns process is "someone else's problem" or fault, it is too easy to fall behind in processing responsibilities. A leader with senior management authority (and budget) to oversee and manage all aspects of Returns processing will drive significant change and improvements.

3. Develop Very Defined Business Processes

Turn around time is often very slow and difficulties often arise that add days to the processing of a Return. There are many types of Returns that need to be handled differently. Returns are complex, multi-process transactions. ERP systems do not handle Returns well, especially in a high volume environment. Good processes will enable you to quickly respond and resolve the customer Return AND recover the highest value possible for your Company from each returned item.

4. Link Your Business Processes

Difficulties arise with process hand-offs between groups, leading to significant problems with goods and data flows. With internal departments, outsourced providers and multiple data systems the staff is always searching and continually reconciling. Your processes and systems must be streamlined through each process AND between each group with "One Touch" and "Automated" handoffs for the items and the related data. These links will generate your largest processing savings, reduce issues or errors and significantly reduce reconciliation time between groups.

5. Gather Accurate Data

Poor data collection for a Returned unit with gaps and errors results in incorrect handling or costly guesses. Careful and detailed data collection through each step of a Return with a verifiable audit trail seems like extra work, but can result in big payoffs and good metrics to assess performance.

6. Ensure Real-time Visibility

Tracking the status of a unit in process can be very time consuming and difficult. Real-time Visibility to all processing groups, 3rd party service providers, managers, clients and customers enables immediate resolution of issues (without leaving your desk, sending an email or making a phone call).

7. No Firefighting

A stressful work environment is created by frequent issues that need to be resolved ASAP. Active monitoring of any firefighting, followed by immediate action to create a "One Touch" automated process will eliminate the stress and continually improve your system. Surprisingly, most fires have recurring patterns that can be automated (even without your ERP programmers).

Result: Manage the Business, instead of the Processes

Poorly utilized senior staff should be managing, not handling the numerous escalated issues and time consuming customer problems. Once you have completed some or all of the seven steps above, your senior staff will have more time, metrics and tools to rise above the day to day processing issues. They will be able to start managing and improving your Returns Operations.

Good workflow leads to good data, which leads to an ability to "Manage the Business, instead of the Processes" RLM

Good Luck!



Paul Rupnow - Director, Reverse Logistics Systems, Andlor Logistics Systems Inc. (604) 687-1130 www.Andlor.com

Editor - Reverse Logistics Professional Report Business Insights and Strategies for Managing Product Returns



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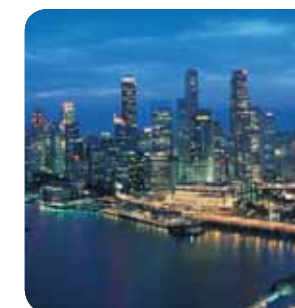
THERE IS GREAT CONTENT AVAILABLE IN RLA WORKSHOPS THIS YEAR.

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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