

REVERSE LOGISTICS magazine®

**US Army Laser-Focused
on Asset Accountability
- pg 12**

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

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by Gunaseelan Nadar, COO, Submitinme

Before even considering entering the scrap metal market, a fundamental consideration is whether or not you have the resources to invest.

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Message from the Editor

Social media has established a prominent form of marketing that is utilized by associations in countless industries worldwide. There are a variety of inherent factors that can prove to substantially increase a company's brand equity and visibility. The manner in which a social media strategy is implemented and monitored can go a long way in determining its overall effectiveness. Today's market sports a wide array of consumers who have certain expectations of brands, products, and services. Social media savvy consumers are awaiting any opportunity to voice their opinions via Twitter, Facebook, and other associated social channels. This makes it even more vital for a company to thoroughly research and consider what methods of social media are most appropriate and beneficial to their requirements.

There are a number of steps that can be taken to be sure to avoid social media disasters that can occur frequently in today's online marketplace. The first involves being realistic and properly understanding the relationship between conversations on social networks and other variants of client interactions. The next step includes utilizing a multi-channel strategy for client sales and service. While social media is quite effectual, interactions taking place at brick and mortar locations, on toll-free lines, and during online client service chats are also important in providing a rather detailed view of consumers' opinions. The following step focuses upon viewing your data and evaluating the technology that is currently in place to be definitely sure to understand consumer behavior and the voice of the business partner. The final measure that can be taken to avoid social media disaster is to have a designated employee that specializes in the business partner experience delivery chain.



There are a number of low cost options that can be practiced to make that initial leap into the realm of social media marketing. Starting a blog about relevant industry news, trends, or intriguing software of your product line is a high profile way to embark into the world of social media. Creating a LinkedIn group, Facebook page, Twitter account, a clients-only discussion forum, or a YouTube channel can provide unique opportunities to present and inform users and fans alike of current company highlights and information.

An appropriate set of keywords has to be identified to ensure optimal website content that is designed for those specific keywords. Identifying and adjusting paths on social networks, aligning the website experience with specific landing pages, and setting goals for desired actions are all best-practice techniques to make certainly sure to ensure continuity. Business intelligence allows insight at the appropriate times during your social media campaigns. It offers the capability to instantly alter campaign focus and direction. Social media marketing can greatly benefit from the use of business intelligence as marketers can produce and exhibit greater value in their social media outreach campaigns.

Laura Nixon, 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.

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16-18 de abril

Patrocinado por la Asociación de Logística Inversa

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

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



Para maiores informações, visite: www.RLAshows.com/brazil.php



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Message from the Publisher

ASSETS, MORE THAN PROPERTY

We are in a transition here at RL Magazine; our editor Lyndsey is moving into a position where she can use her artistic design abilities full-time. We will miss Lyndsey as she has been our editor for over 3 years and it is fitting that she has managed the transition of RL Magazine from hard copy print to digital. Laura Nixon who is our editor of the weekly News Clippings is stepping up to take over RL Magazine Editorial responsibility. Both have and will continue to be a real asset to us.

The word “Asset” is one of the terms we use in the definition of Reverse Logistics. Our cover story does well in explaining the importance of managing assets (property). But assets are much more than property. Lyndsey and Laura are living intellectual property that is worth more than piece of material. You might want to look around your company to see what your most valuable assets are.

Our definition of Reverse Logistics has changed over the last 10 years to encourage all industries towards managing their assets. Our first written definition was; “In other words, anytime money is taken from the company’s coffers, to support products, that is a Reverse Logistics operation”.

We don’t like changes unless it is needed, but it is time to update the definition again; **“Reverse Logistics is the scientific method of managing assets, in every department in all industries and across all disciplines”.**

In other words, humans are the assets of the HR department, as material, manufacturing and cost are the assets of supply chain department, whereas parts, time and customer service are the assets of the service department, finance’s asset is revenue..... And so the list could go on and on.

We have continually encouraged the need for a Corporate Reverse Logistics Department that works closely with finance to monitor un-budgeted expenditures. This department educates and supports the managing of assets across all departments, not just parts and products. IP in every form needs to be monitored as an asset to maximum value. We hope that you will look inwardly at your true assets with the assistance of trained Corporate Reverse Logistics Department.

Please welcome our new partnership with KamiKaze B2B Media in Mumbai, India as we increase our reach across the globe to support RL Professionals. On January 23 & 24 at the Asia Manufacturing Supply Chain Summit, KamiKaze and RL Magazine are sponsoring a Reverse Logistics Form on the last day. I hope you will tell your colleagues in Asia to come and meet with other RL professionals at the RL Magazine display on the main floor of the conference.

Best Regards,
Gailen Vick, Founder & Publisher
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 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.



Jose Garcia - Motorola, Jose Garcia joined Motorola as the Director of Reverse Logistics in September, 2012. Jose has been in the Consumer Electronics Industry for over 25 years holding leadership positions

in Reverse Logistics, Repair, Refurbishing, Technical Support Engineering Groups, Training Departments, and After Sales Support Policy. The last few years gave Jose the privilege to lead high volume Software Manufacturing and Games Operations for Microsoft as well as a Global program team that launched hundreds of products around the globe through a regimen of “milestone gates” and sign offs.



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.



Thomas Maher - Dell, Tom Maher joined Dell in 1997 and is the Executive Director for Global Service Parts. Mr. Maher is responsible for service parts life cycle support in over 100 countries. Mr. Maher’s global

service parts responsibilities include: planning, procurement, distribution, returns, repair, inventory management, supplier management and parts disposal. These operations support 100% of Dell’s warranty customers across all Business Units and all Product Lines.



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.



Dale Rogers- Rutgers University, Dale Rogers is the Foundation Professor of Logistics and Supply Chain Management and the Director of the Center for Logistics Management at the University

of Nevada. He is also the chairman of the Reverse Logistics Executive Council (www.rlec.org), a professional organization devoted to the improvement of reverse logistics practices. He is the leader of the sustainable supply chain research project currently underway at the University of Nevada. (www.sustainable-supply-chain.com) Dr. Rogers is the former cochairman of the RFID Users’ Group, an organization researching the utilization RFID technologies in the supply chain. In 2001, he was the Paper Foundation Visiting Eminent Scholar Chair of Logistics at the University of North Florida.



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.



Reverse Logistics Association Industry Committees



Industry Committees are set up to provide a standing forum for Reverse Logistics Professionals to meet on a regional and global basis and discuss common Reverse Logistics issues at the RLA Conferences & Expos. Industry Committees educate the industry on reverse logistics:

- “Best Practices”
- Consumer Satisfaction Issues
- Regulations on a Worldwide & Regional Basis Processes that can Reduce Costs

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Committee Members:

- Jeroen Weers, Spring Global Mail

Automotive

Chairperson – Needed
• Charles Chappell, GENCO ATC

Aviation

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Consumer Electronics
Chairperson - Paul Baum, PlanITROI

Committee Coordinator - Ikechukwu Dike
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- Jeff Anderson, Fidelitone Logistics
- John Beyers, United Radio
- Patrick Blinn, Microsoft
- Brianne Boettner, Best Buy
- Chad Burke, Ryder
- Charles Chappell, Genco ATC
- John Damm, Lexmark
- Maryellen Daniels, ITRAN Electronics Recycling
- Jack DeButts, Dell
- Ikechukwu Dike, Coventry University

- Christopher Fabian
- Rubina Farooq, LG Electronics
- Elaine Gasser, HP
- Cintia Gates, Dell Inc
- Curtis Greve, Greve Davis

- Chris Griffin, Sprint Nextel
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- Jason ONeill, UPS Supply Chain Solutions
- Mark Prol, Inmar
- Jeffrey Reed, InFonte
- Paul Rupnow, Andlor Logistics Systems Inc.
- Jim Rushton, Encompass
- Tony Sciarrotta, Philips
- Chris Tejada, Inmar
- Liz Walker, Image Microsystems
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Co-Chairperson –

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- Committee Members:
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- Gene Bodenheimer, GENCO ATC

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Coordinator – Rachelle Hetterson, Defense Ammunition Center
Committee Members:

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Corporation

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- Susanne Fredericks, Goodwill Industries International
- Andrea Newman, Best Buy
- Anthony Pereira, Barnes & Noble
- Gregor Thompson, GENCO ATC

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Chairperson - Gary Cullen of 4PRL

Wireless

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

- Mark DeLong, Arvato Services
- Bill Kenney, OnProcess Technology
- Regan Pasko, TESSCO Technologies
- Joe Walden, University of Kansas

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US Army laser-focused on property accountability

by Mark Diamond, Journalist, Military Surface Deployment and Distribution Command

During the past two years, Military Surface Deployment and Distribution Command supply experts have been laser-focused on a Department of the Army program aimed at accounting for all U.S. Army-owned equipment.

The Army created the program in July 2010 and, according to SDDC officials, the program has received considerable attention within this command.

According to Lugene Ryan, a logistics management specialist with SDDC's G1/4 Manpower, Personnel and Logistics directorate, the Army-wide program was initially kickstarted in 2008 when the chief of staff of the Army tasked Department of the Army G4 to develop a campaign to reintegrate supply excess back into the system and change the culture of property accountability across the Army.

"In 2010, (the Army) unveiled the Property Accountability

Campaign and tasked all Army units and organizations to develop plans and ideas to create and promote property accountability and better supply discipline within the units," Ryan explained.

A decade of war — combined with the largest organizational change since World War II; an equipment modernization effort that led to more than \$200 billion in new equipment fielding; and an unprecedented amount of Army property and supplies

being received, laterally transferred and turned in — are several of the main reasons the Army revitalized property accountability, according to a 2010 Army chief of staff memo.

"The Army created this program to raise awareness of the importance of property accountability," added Ryan. "We have video teleconferences with Army G4 every month, and they've told us this campaign is enduring; it's serious business."

He said SDDC's efforts to promote property accountability are also equally serious and equally enduring.

"Pushing information out in a regulation is easy, but we're hoping we can draw people's attention to the program and create command-wide interest in property accountability," added Ryan.

He added that the G1/4 directorate endorses an aggressive Command Supply Discipline Program throughout the command by reinforcing a culture of supply discipline, mentoring and training junior leaders in property accountability, and ensuring all brigade CSDP monitors are appointed in writing. G1/4 also produces a quarterly



Logistics Division Property Accountability Newsletter to increase SDDC leadership's focus on the Command Supply Discipline Program, property accountability, and inventory procedures. SDDC G4 Newsletter provides logistical guidance while distributing new policies and procedures for supply, maintenance, and equipment management throughout the command.

In addition to reinforcing a culture of supply discipline, the directorate participates annually in the Chief of Staff of the Army Supply Excellence Award competition, which recognizes organizations or groups with outstanding supply operations. SDDC has competed in the CSA SEA competition for the past 3 years and has won at the

Army Materiel Command level each time.

According to Bernard Walls, chief, G1/4 Logistics Division, another significant step toward property accountability in SDDC is a program dubbed, "War on Excess," or WOE. He said his division hosts Logistics Readiness Reviews quarterly with brigade-level logistics personnel to synchronize functions and discuss strategies to improve the command's logistics readiness.

As part of the WOE program, Hq. SDDC and brigades turn in or transfer excess equipment that can be reutilized throughout the command and other Department of Defense agencies.

According to Walls, the program

is showing big benefits. He said the quarterly reports show this command has turned in or redistributed more than \$25 million in equipment since the creation of the WOE program about two years ago. He said the \$25 million includes about \$10.8 million in redistributed items within SDDC and nearly \$14.5 million in excess equipment turned-in.



“When I look at these numbers, I can only imagine what kind of savings a much larger command would see,” added Walls. “Those numbers tell me the supply personnel in SDDC headquarters and our brigades are doing their work. It tells me they’re making sure we have what we’re supposed to have.

“The Army has a rule: anything excess should be turned in. That’s

what we’re doing. And when excess equipment is turned in, that means it goes back into the system and other Department of Defense agencies can use it, and that saves us money.”

Ryan added that the Army, as a whole, has captured \$57 billion since the Property Accountability Program began.

He said the program re-emphasized the importance of property accountability and placed the responsibility squarely in commanders’ laps.

“This program is creating a better supply era where people know what they’re supposed to do, commanders are

involved, and supply personnel are adequately trained,” said Ryan.

“Property accountability is everyone’s responsibility,” he added. “Sometimes we think it’s only the responsibility of the supply personnel, but that’s not the case. It’s everybody’s responsibility. If you see something suspicious — like someone walking out the door with a computer — we want you to say something, because that could be your taxpayer dollars walking out the door.”

Although many SDDC employees don’t move property on a daily basis, Ryan said it’s still important they are aware of and understand their responsibilities in safeguarding government property.

As an “old supply sergeant” himself, Walls said he is well aware of how important the program is.

“You’re dealing with tax dollars and we have to be fiscally responsible,” he said. “Sometimes people don’t think about it; when they move a computer or move a monitor, they’re moving government property. You have to do it the right way; otherwise, someone is going to end up paying for it. We’re getting our property accountability program out there as much as we can to help people understand why it’s important.”

Walls and his team are using a variety of communication methods to spread the message of property accountability

throughout the command, including newsletters, flyers, posters, articles in the TRANSLOG, and more.

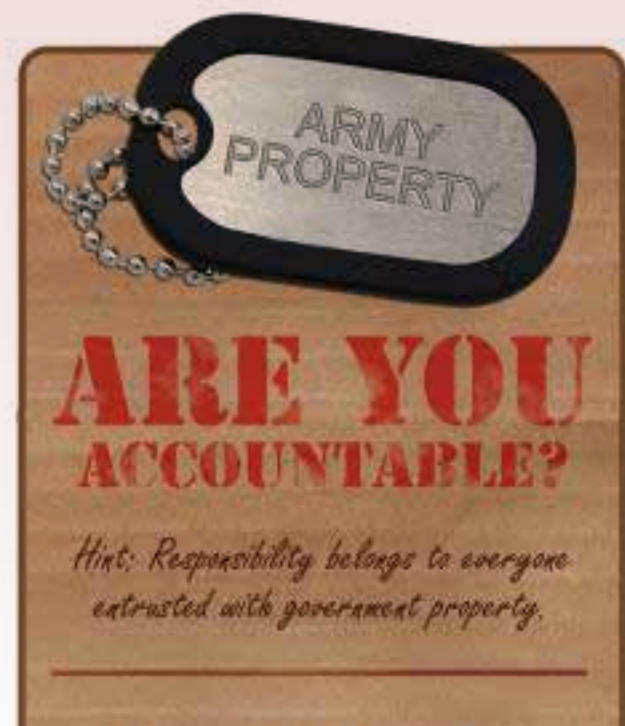
“We’ve been getting a lot of positive feedback from other agencies who’ve seen the products we’ve produced in support of the program,” he said. “Major Army commands and Army Service Component Commands worldwide have requested copies of our property accountability posters to use as training aids in their own functional areas.” In fact, just last year the command’s program was recently highlighted in the Department of the Army G4 property accountability newsletter.

“Bottom line, we want employees to be good stewards

of government property,” added Walls. RLM



Mark Diamond
Husband and father; retired from the U.S. Air Force after 23 years of service; now working for the Command Affairs Office, Military Surface Deployment and Distribution Command (U.S. Army). I’ve spent about 23 in a U.S. military uniform. Not long after I turned 17, I joined the Utah Army National Guard. After about three and a half years, I decided to do the military gig full time, so I joined the active-duty Air Force. I retired from the USAF in 2008 and spent a couple years as an Air Force civil service employee.



Industry Events



CES - Las Vegas
January 8-11, 2013
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Asia Manufacturing Supply Chain Summit
January 23-24, 2013
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RLA Conference & Expo Las Vegas
February 11-14, 2013
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Live Video Streaming RLA Conference & Expo Las Vegas
February 11-14, 2013
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RLA Conference & Expo Brazil
April 16-18, 2013
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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
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SubCon Industries

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- Christopher Fabian, Professional Service Solutions, LLC
- Larry Maye, Precision Camera
- Liz Walker, Image Microsystems

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- Arleen Freed, Avnet
- Edwin Heslinga, Microsoft
- Mike Neilon, Shopjimmy.com
- Regan Pasko, TESSCO Technologies
- Kairn Pawlikowsky, Avnet

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Andlor Logistics Systems Inc

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- Liz Barnes, PC-Doctor, Inc
- M. Brian Carter, SAP Labs
- Roger Levi, Intel Corporation
- Lee Sacco, Oracle
- Kimberly Seymour, PC-Doctor, Inc

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Chairperson – Needed

Committee Members:

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- Dan Gardner, ATC Logistics & Electronics
- Paul Gettings, The Gettings

Group

- Joe Giglio, Fidelitone Logistics
- Patrick Joseph, Encompass
- Carol Roberts, PC-Doctor, Inc
- Ann Rodriguez, Avnet
- Jesus Sales, Juniper Network
- Derek Scott, Canon Europa N.V.
- John Weatherup, Hewlett Packard
- Darren Woodvine, Ericsson

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Co-Chairperson - Ken Jacobsen,
Connexus

Committee Members:

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- Paul Rupnow, Andlor Logistics Systems Inc

Sustainability and Environmental
Management

Co-Chairperson - Raymond
Glynn, Resolvebyarrow

Co-Chairperson -Paul Gettings,
The Gettings Group

Committee Members:

- Rachel Blackwood, ROUND2
- Cintia Gates, Dell Inc
- Ann Rodriguez, Avnet
- Kenneth Turner, HP
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REGIONAL FOCUS

APAC

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3 Strategies for Better Managing Your Spare Parts Inventory

by Frank Cavallaro, CEO, Fronetics Strategic Advisors

In the management of spare parts inventory in the high-tech space, the balancing act between maintaining control over your slow or seldom used SKUs and ensuring spares get to the right place at the right time can be a daunting task. Too often a high number of these spares are used only infrequently but may be needed on short notice when the turnaround time to get spares to your customer becomes critical. The pressure of providing a consistent and timely customer repair experience coupled with shorter product lifecycles and component manufacturer end of life windows, can quickly increase inventory

levels and tie up precious cash flow in the form of inventory of unnecessary replacement components.

Any spare parts management strategy that you put in place will need to keep the customer experience in the forefront and the cost to deliver this experience a very close second. Transportation expenses, multiple hand-offs, geography, regulation requirements of defective



disposal, and over-all efficiency can add to your returns management costs and apply even more pressure to product margins.

In a perfect world, customers would have a repair experience that is fast, traceable / visible and consistent. You would have a low cost repair model with an efficient and optimized spare parts network that eliminated “touches” and a spares inventory model that would reduce the capital expenses associated with holding seldom used inventory. Combining these two would ultimately

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grow your business in a more profitable way. Since we do not live in that perfect world, how do you get there? Here are three strategies to implement in your model that will deliver immediate results for you and improve your customer's experience.

First, you need to think about your field returns and spare parts inventory collectively instead of

separately. That's different from what you may be used to and here's why you need to change that paradigm. It is fairly intuitive that companies in the high-tech space with a significant installed user base and robust field repair operations will find

over 20% of replaceable parts to be returned during the product life-cycle. What's not so intuitive is that over 30% and in some cases up to 70% of these product returns will be No Fault Found (NFF). Typically, returns are



accepted, processed and then piled up for test and warrantee credit "after" or more appropriately, when time allows you to get to it. This historic process leads to additional capital expense in spares inventory for replacement as well as a reduced return on investment for the

inventory that has been purchased, returned, and now is sitting on your shelf. By thinking of this inventory collectively, front ending and prioritizing the screening process to the initial receipt, and returning No Fault Found inventory to "available" spares inventory quickly, you not only reduce your re-purchase expense as well as initial purchase

ROI, you also decrease your turn around time leading to a better customer experience.

Once you have this first process up and running, it's time to implement the next step, using your new found and timely

product failure knowledge to make your purchasing and engineering network smarter. Here's how. Using the above method, you will begin to develop data on how certain components in your product platforms perform under certain conditions, with each other, and with certain software applications. You will also begin to discover which component types in your product platforms are more likely to trigger a No Fault Found (NFF) and which will truly have a higher failure rate. Let's look at the latter first. Products that truly have higher failure rates now should be the focus of your purchasing team's efforts and your engineering team's scrutiny. These will be the ones that everybody (yes your competitors) will be looking to source more frequently, thus driving price points and product availability issues.

Purchasing focus here will increase your turn around time and is a better use of inventory dollars since these are truly problem parts. From the engineering prospective, focus on eliminating the device from future builds as well as approving replacements spares that will be more compatible in your product platforms. Finally, items that typically

trigger a No Fault Found (NFF) designation need less purchasing focus and more process focus. This is because your data is telling you that you can spend less time on sourcing new spares since you should have a steady supply of these products from your own returns streams.

The last step involves your overall procurement

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methodology. Once you develop and analyze your data, you will find components in your returns supply chain that (a) fail often, (b) are returned and are No Fault Found (NFF), and (c) components that never enter your return stream. We have developed strategies for (a) and (b), but what about (c)? This is where you need to get your engineering, procurement and finance teams involved to make this strategy work, and here's why. In this case, you have components that have a fractional percentage of failure or at least return rate. When you procure these components the price is comprised of the actual cost to manufacture the component, the cost of providing you with a warranty, and the product mark-up. If you have strong data that these products will stay in filed, how about negotiating with your vendor to remove or lower the warranty piece of the component cost. Or maybe you procure a limited or catastrophic failure warranty instead of full return. It's a method of self-insurance based on your actual usage patterns and return rates. You save on the per piece cost upfront that would only purchase a catastrophic failure clause that is typically in place anyway. If you do not opt for this more deliberate cost saving strategy, at the very least, use it with your vendors to feel around for positive price variances. You'll be amazed at the results. Using these strategies



will drive cost down and service levels up in your component spares process. The results will lead to more satisfied and more profitable customers for your organization as well as a smarter spare parts supply-chain.



Frank Cavallaro is the CEO and founder of a high-tech supply chain and reverse logistics strategic advisory firm, Fronetics Strategic Advisors. With over 25 years of experience in the global technology distribution, supply chain, reverse logistics, after-market services and electronic asset disposal (EAD) industries, Frank has a proven track record of successful growth, restructuring, and turnaround performance, resulting in superior organizational and shareholder results.

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

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Sweden to import 800,000 tons of Norwegian trash per year

Stockholm, Sweden—19 November 2012—Sweden has found itself faced with a problem unique in the Western world: its citizens produce too little trash.

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Microsoft Recycles Waste to Provide Clean Power for Data Center R&D

19 November 2012—Microsoft is excited to announce its research and development of the first zero carbon data center – called the Data Plant – that will be completely independent of the grid and will recycle common waste bi-products to sustainably power cloud services. Microsoft has been committed to developing more efficient and sustainable data center infrastructures that support our customers' growing demand for online services since 1994. With this Data Plant pilot project, we are taking another step in that important journey, while also working to address some of the global challenges facing us all regarding energy, waste, and water resources today.

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Cisco Announces Intent to Acquire Meraki

San Jose, CA—18 November 2012—Cisco today announced its intent to acquire privately held Meraki Inc., a leader in cloud networking. Headquartered

in San Francisco, Calif., with offices in New York, London and Mexico, Meraki offers midmarket customers easy-to-deploy on-premise networking solutions that can be centrally managed from the cloud.

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Dell Acquires Gale Technologies, a Leading Provider of Infrastructure Automation Solutions

Round Rock, TX—16 November 2012—Dell today announced the acquisition of Gale Technologies, a leading provider of infrastructure automation software that allows organizations to streamline the deployment of on-premise and hybrid clouds for self-service access to infrastructure. Dell also announced the formation of its Enterprise Systems & Solutions organization focused on the delivery of converged and enterprise workload topologies and solutions in alignment with Dell's Enterprise vision.

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Avnet, Inc. Reaches Programming Services Milestone

Phoenix, AZ—14 November 2012—Avnet, Inc. (NYSE:AVT) a leading global technology distributor, today announced that the Avnet Logistics Programming Operations team processed more than 330,000,000 electronic components during its 2012 fiscal year.

Reaching this milestone further positions the company as the technology distribution leader in programming services. Avnet provides complete device programming, testing and device security services through its ten programming facilities in Arizona, Brazil, California, Germany, Hong Kong, Mexico, New Hampshire, Shanghai and Singapore.

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Spur Growth through Flawless Fulfillment with New Motorola Solutions' Warehouse Innovations

Schaumburg, IL—13 November 2012—Motorola Solutions, Inc. (NYSE: MSI), a leading provider of mission-critical communication solutions and services for enterprise and government customers, today introduced new rugged enterprise mobile computing solutions that help warehouse and distribution center workers automate and streamline processes, better manage risk, and provide their businesses the flexibility required to respond to changing customer demands. The recent acquisition of Psion PLC and its ruggedized handheld products and vehicle-mount terminals will further strengthen Motorola's enterprise mobile computing portfolio with solutions for warehousing, cold chain, ports, yards and specialized modular applications.

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Your System Is Ready For Reverse Logistics

by Dylan Persaud, Managing Director, Eval-Source

Software is capable of many functions. But is your organization using its system efficiently? This article will illustrate how companies are ill prepared for reverse logistics throughout their supply chain and retail product recalls.

The reverse business processes for organizations when recalling products are often poorly executed or do not exist at all. The gap between the data stored by the enterprise business system software and interpretation of that data can be easily aggregated to

identify the defective units. Today's ERP systems have outpaced the organizational readiness for product recalls. Luckily, with QA standards being what they are today, this is a rare occasion. However, organizations should have a contingency plan to recall defective skus and products -- especially those that enter the supply chain.

Now that your organization has delivered the product to customers, what happens when there is the need for a product recall? Does your company

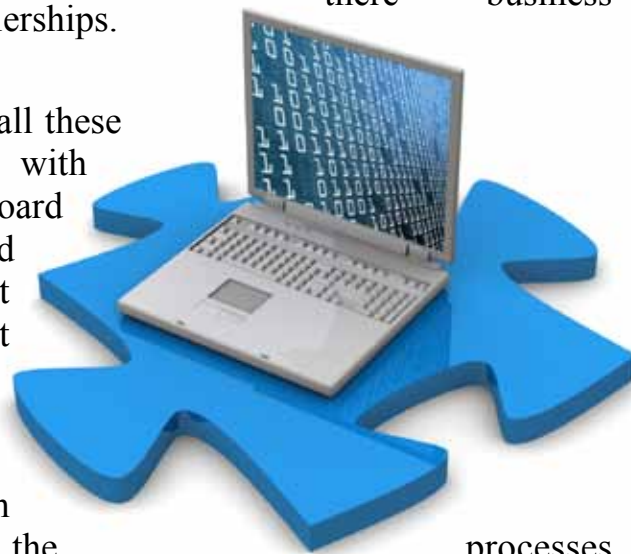
have the correct business processes in place if a product recall is needed? Does the organization have correct and detailed procedural practices in places to identify where it is in the supply chain, to what stores it went, and to whom was the product distributed? While many systems such as groceries will track the exact consumer that bought the product, it will be able to ascertain which stores and locations the products were distributed to before it hits the end-user within the supply chain.

For example, we will examine a component for an automotive assembly. This assembly consists of several components from various suppliers. These components will be assembled into a certain model of car for a particular model year as part of the entire finished component. Let's say that the assembly is a dashboard, with a faulty wiring harness for the radio that may cause fire. The car is now complete and some were delivered to customers while some reside at car dealerships.

If your job was to recall these defective automobiles with the faulty dashboard assembly, where would you begin? Let's start by examining what components are in the dashboard assembly. There is the molded plastic shell, in which components of the radio, odometer, tachometer, gas gauges, vent cut-outs, and various electronics are contained. The software system you have in place can actually identify the faulty wiring component, the part number, lot number of the harness, the supplier and the date of the manufacturer, and the serial number for the radio. How does your organization start the recall to reverse the logistics processes that distributed the parts in the first place? Is there a process to identify where the current defective parts are

located? Is there a difference if the faulty dash is at dealer or if a consumer has it? How will the recall notices be sent out and tracked? How is the repair monitored? These are just some of the questions the manufacturer must answer if a recall is in order.

With all the recent automotive recalls, these companies have learned that it is not that their systems are deficient but are there business



processes in order to comply with the system integrity? Now that the stage is set for the correct information at your fingertips to recall the defective units, is your company prepared to handle a recall? Experience from botched recall has proven ineffective logistical processes by organizations (which causes excess losses to the bottom line).

The data available in today's systems must be able to be

interpreted correctly, and the corresponding business processes that can be designed from the aggregated data need to be formulated. The business processes must not only exist but also be optimized to reduce loss. The gap that organizations often face is that their method to recall products through their supply chains down to retail levels are often not complete and not executed properly. These incomplete processes lead to even more shareholder loss. The execution of fragmented and incomplete processes often multiplies headaches for manufacturers. These processes can quickly magnify if suppliers are global where quality standards are not often adhered to. Further problems due to lack of visibility from foreign suppliers through the supply chain can continue to occur if goods are in transit and/or are already in process of being manufactured for future demand fulfillment.

Organizations must find a way to interpret the data they already own, bridge their deficient business processes, and follow up with proper execution. Organizations need to build their business processes to leverage the already existing data that the systems already provide. Organizations should not only have these processes in place, but they should be able to execute on how they are



performed and tracked. This contingency will minimize losses and increase customer satisfaction by accommodating the customer and building brand recognition.

Furthermore, they must control the execution of those processes and make sure that the plans they have made for their reverse logistics process can coincide with the available data from their systems. Having a process in place is one thing,

but being able to execute the process effectively without much deviation and efficiency can make the difference on how well you perform a recall or how much money your company loses. This is a case of not the technology failing, but the people-centric processes failing.

A recent case in Canada where a large meat plant was closed down due to e coli bacteria entered the supply chain through beef products the recall was handled atrociously by the government. The actions in which were executed by the federal government proved inept and questions have surfaced to the ineffectiveness of the entire system of alerting consumers. Every component of the system has come under scrutiny as to how many inspectors were involved

for inspections, whose responsibility it was to inform the public, and a comedy of errors that multiplied down the chain compounding the problem. This again proved the human process and execution side failed, not the systems that were able to track where the product ended up.

RLM



Dylan Persaud is the Managing Director of Eval-Source, an independent business software

strategy and software selection consultancy based in Toronto, Ontario, Canada. Dylan is an industry veteran, and prior to Eval-Source, held analyst roles for IBM Global Services, Technology Evaluation Centers and IDC.

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Getting Into The Scrap Market

by Gunaseelan Nadar, COO, Submitinme

There are many reasons why someone would want to get in to the scrap metal market. For one, it is widely considered to be a much more stable alternative to investing in stocks and shares, given that prices tend not to fluctuate as wildly in the scrap metal industry. Added to that is the ongoing possibility of liquidating your portfolio, pretty much at any time, which avoids the need to find a buyer for shares or other commodities, through selling to scrap recycling plants or other dealers. But how would one go about getting involved in the scrap metal market, and what steps could be taken to ensure your scrap experience is a profitable one?

Before even considering entering the scrap metal market, a fundamental consideration is whether or not you have the resources to invest. As a general rule, you should only invest what you could afford to lose in a market within which you have no experience or knowledge. This is the worst case scenario for most traders and although unlikely it's always a good idea to plan conservatively to cover any eventuality to make sure you can afford to bail yourself out if needs be.

Secondly you should consider

trying to pick up some knowledge of the marketplace and how it works. For this there is no substitute for reading about the marketplace, on the internet and in related journal publications. Reading will give you a better idea of whats in demand



and what isnt, and how best to structure your scrap metal portfolio. Without doing your research into the way the market works, you could end up learning the hard way which could be financially very expensive if you are unable to shift your investments when it comes time to sell.

Another word of advice: diversify your investment portfolio across different types of scrap to begin with until



you become more accustomed to which types of metal are valued at which price. By investing all your money in one material, you could more readily end up incurring losses on your input if that decision turns out to be a bad one. However, by spreading your investment across a range of different materials and ensuring constant appraisal of your portfolio inventory you can maximise your earning potential and stabilise your investment to effectively hedge your bets within the scrap commodity market.

Before getting too heavily involved in the scrap metal commodity market it

is important to pay due consideration to each of the crucial elements mentioned above to ensure you both know what youre doing and you dont lose your money. Additionally, by taking these precautions you can help increase the likelihood of eventually selling

your investment portfolio for a profit, making it all worthwhile. However you approach getting in to scrap metal investment, make sure you have a broad understanding of the market and thick skin before you proceed, to give you the best chance of succeeding in your investment endeavours. RLM



Gunaseelan Nadar is the COO at Submitinme in India specializes in recycling,

With a previous background as NGIT at Baron Power Limited he has a Bachelor of Engineering at Madurai Kamaraj University.

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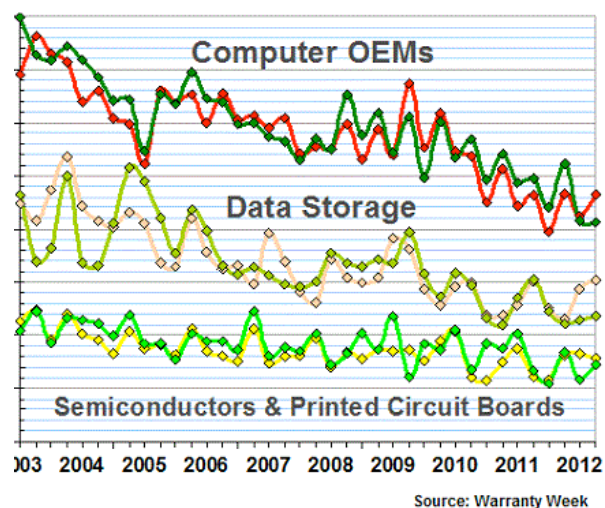
Technical Trends

Failures and Liars

Eric Arnum had a brilliant report on computing warranty rates that came out on September 27th. If you do not subscribe to his weekly reports, you should, he always presents newfound insights with solid data. The most interesting chart in that report was the accrual and claim rate chart for computing and storage. When I looked at the data, my first thought was- 'great now I have some backup data to reverse warranty accruals to cash'. Always a good thing.

I shared the report with Byron, an Engineering Director at a major defense contractor. Byron's take was much more interesting. His first thoughts were that the fear of lead(pb)-free increasing failure rates seems to have been mitigated to a great extent. For Byron and other defense and public-safety engineers lead-free was

always a great concern with regard to reliability. The use of lead-free solder is great for the environment, but it creates a host of issues with reliability. Most of these are related to the tendency of lead-free solder to almost come to life. In some conditions, lead-free solder



will grow long strings that will wind around until it finds something to short out. In low temperature conditions the solder will just powder and components will fall off the board. None of these are good for things like spacecraft,

missiles or fighter jets. But clearly the data reflect a very positive trend.

Shortly after reviewing this data, I was speaking with some folks that run large repair operations for contract manufacturers. These guys were repairing mostly tablets and cellphones. All were struggling with major issues related to high rates of False Failures/NTFs (no trouble found). In short, depending on the product there were 20-40% false fails at the low-end. For some products the false failure rates jumped to almost 80%. The anecdotal false failure rates for these repair operations averaged

just under ~50%. How is the possible? How has the hardware side of technology improved so much but the massive costs from false fail rates seem to be growing?

THE HUMAN INTERFACE

It may not be obvious but when machines deal with machines the failure rates are always lower. Most computing interconnections are based on defined network protocols and have a lot of fault tolerance built in. In addition the M2M (machine to machine) interface moves at such high data rates compared to the human interface that failures can be effectively ignored. Stated another way, if a computer gets bad data it will just wait 10 milliseconds and then request a resend. For people things are not so easy. Someone using a cellphone is very sensitive to a host of noises, and audio artifacts that disrupt speech intelligibility. One of the worst is the odd phase-error induced warbling you get when the cellphone's CODEC is attempting to recover lost packets as you drive through an area of weak coverage. What happens next? The user just blames the phone. It gets sent into repair and viola' a false-failure is born. But there is more to it than that right? Yes, I believe there is.

THE ARM MIRACLE

If you had not noticed there are two main camps for computing. Servers and PCs based on x86/Intel and Mobile devices based

on the ARM fabless model. ARM products are based on RISC (reduced instruction sets) and designed to use less power. That capability to leverage low power was a boon to mobile devices. But there were secondary benefits that are coming to the forefront. For a processor power = heat. If heat is low I can add more capability, reduce product size and in turn, lower cost. Those trends have clearly improved the functionality of all mobile devices.

With that said, we are at a bit of a crossroads today. Just a few years ago mobile devices had several processors. The main processor was focused on management and the user interface. The housekeeping tasks of audio processing, the wireless interface, camera control and graphics were all handled by their own dedicated ICs. What has happened today is that the processors are getting fast enough to handle all of these tasks on their own. Also, this trend is what is behind the recent news from companies like TI that they are shifting focus from mobile ICs to embedded systems. The great part of this is that costs go down, power needs are less and the size shrinks. However, the not so great part is that the current capability of the processors and

software is not perfectly ready for the transition to mobile devices with such pared down circuitry. In my opinion we are 1-2 years or so away from fully capable mobile devices that can multitask and manage the all the interface tasks in a fully transparent manner. The "noise" caused by this partial-capability is what I believe is driving the current surge in false fails.

As you can imagine the costs incurred from this movement of inventory to and fro are immense. The sustaining response is to ride it out as the products continue to improve. In the near term, better training for the call-centers and retail staff to keep the unit from entering the repair process is the principle response in mitigating some of the costs. On the positive side it is a great opportunity to have a conversation with your Customers in reducing costs and assessing ways in keeping those liars (false failures) out of your supply chain.

RLM



Bryant Underwood manages Public Safety Sourcing for Cassidian Communications, an EADS North America Company in Frisco Texas.

Returning Thoughts

Reverse Logistics Software Survey Highlights

If you have been considering purchasing, upgrading or modifying your Reverse Logistics Software, some excellent information is available to help you with your decision process. Preliminary results for the survey were recently shared with the attendees of the RLA Reverse Logistics Association conference in Las Vegas. The survey is: "Reverse Logistics Software Usage Trends and Issues - An Empirical Study" by Professor Haozhe Chen, Ph.D. and Gary Gammon, MBA Student at the College of Business at East Carolina University. Dr. Chen is a member of the RLA and the RLA Software Solutions Committee.

Some partial highlights of the survey are outlined below:

REVERSE LOGISTICS SOFTWARE USERS SURVEYED

Of the preliminary 128 responses received, 86 responses were from Reverse Logistics software customers. Of those 86 users it is interesting to note:

- Have a Reverse Logistics Department: 49%
- Have a Top Executive in charge of Reverse Logistics: 34%

It is particularly interesting to see such a large percentage of Top Level executives now in charge of Reverse Logistics. This is certainly a very positive change from several years ago. This seems to indicate that many companies are better understanding Reverse

Logistics and the importance and opportunity of managing it well for an organization

TOP 5 REVERSE LOGISTICS SOFTWARE ATTRIBUTES REQUIRED

The users Top 5 requirements when selecting Reverse Logistics software are as follows:

1. Compatibility with the company's other logistics system
2. User interface simplicity or friendliness
3. Technology advantage over competing software (unique features, etc)
4. Ability to help user company improve its customer service
5. Ability to provide timely and sufficient RL information

Compatibility with other systems was by far the most important attribute, ranking well above all other selections. This is understandable since the handling and managing of product returns impacts so many areas of the organization, but most importantly the financial related impact of return receipts, customer credits or shipments of replacement items and of course the effective inventory management of the returned goods.

SOURCES OF SOFTWARE USED TO MANAGE REVERSE LOGISTICS

The Reverse Logistics software users are still using a variety of solutions to solve their requirements:

- Use forward logistics software applications to handle Reverse Logistics: 20%
- Developed Reverse Logistics software applications in house: 28%
- Purchased Reverse Logistics software applications off the shelf without customization: 21%
- Purchased Reverse Logistics software applications off the shelf with lots of customization: 31%

TOP 5 REVERSE LOGISTICS SOFTWARE RESULTS

Companies use Reverse Logistics Software to help them be more effective in the following areas:

1. Reduce documentation and credit processing
2. Improve asset recovery
3. Reduce customer service costs
4. Improve asset utilization and rationalization
5. Reduce freight, receiving, handling, and storage

OVERALL EFFECTIVENESS OF REVERSE LOGISTICS SOFTWARE

It was found that end-user involvement in the development and implementation stages has the strongest relationship with Reverse Logistics software effectiveness

Additionally, in terms of sources of Reverse Logistics software:

The groups that purchased customized software have the highest effectiveness

The groups that used forward logistics software have the lowest effectiveness

Hopefully the survey results above will help you achieve

a higher degree of success for your Reverse Logistics Software improvements or implementation. As a final note, the survey report also shares a quote of software wisdom for us all from David Raab in Information Magazine:

"Selecting the right software cannot guarantee the success of a project, but picking the wrong system can ensure failure." RLM



Paul Rupnow
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Good Luck!

Paul Rupnow - Director, Reverse Logistics Systems, Andlor Logistics Systems Inc.

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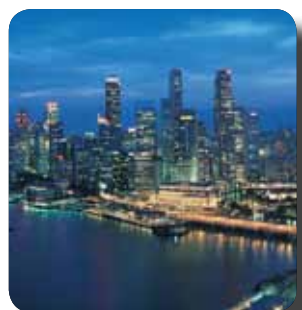
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You're in town for the RLA Conference & Expo, why not take advantage of your Monday and learn more about RL in an interactive classroom setting.

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



Register now www.RLAshows.org

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

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Let us help locate facilities with the RL structure already in place. Save the hassle and resources and find it now!

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