

# REVERSE LOGISTICS magazine®

Serving the Health Sciences, Retail, and High Tech Industries

























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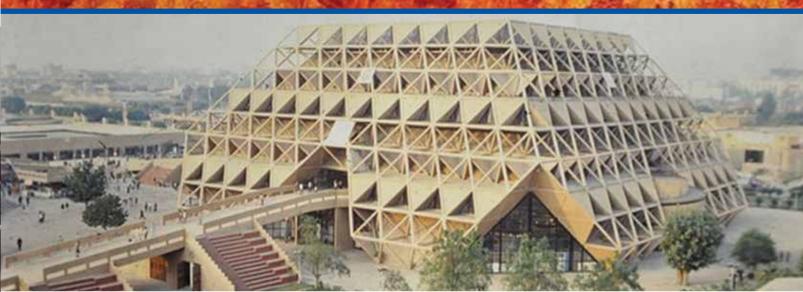












# If you are a Reverse Logistics professional – don't miss this event!

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.

RLA's APAC Committee and Reed Exhibitions Cold Chain Show 2014 unite to present three days of Cold Chain & Unsaleables/Reverse Logistics.

A wide range of leading regional and global Reverse Logistics companies are in attendance including unsaleables management to transportation logistics.

Be sure to visit the Exhibition Hall where Manufacturers and Retailers will be looking for Third Party Service Providers (3PSPs) that can manage Reverse Logistics in the APAC region, 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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Issue 9 Volume 4

# **Cover Story**



# **Titanic Reverse Logistics Mistakes**

by Gailen Vick, Founder and Publisher Reverse Logistics Association

Errors that occurred during the Titanic tragedy should never be repeated, yet in the Retail industry, Retailers repeat previously documented errors in the Reverse Logistics Processes.

# **Articles**



# Secondary market spotlight: Where do old phones go?

By Dr. Robert Gordon, Program Director, Reverse Logistics at American Public University

For most people in the US, the end of the life cycle of their beloved smartphone happens once a person decides to upgrade to newer, better technology. In most cases, this happens due to a perceived need to upgrade rather than the need due to the failure of the phone.



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# Returns are the Key to Retaining UK Customers Says New Research

by Kees de Vos. Chief Commercial Officer at MetaPack

The MetaPack Group, the leading provider of eCommerce technology for delivery services, today highlighted new research into how a retailer's returns policy can be a positive tool for customer retention and brand loyalty



# Remanufacturing: the Future of Sustainability

White paper by Paul Adamson and Delana Lensgraf

"Remanufacturing is the key to global economic competitiveness. A nation's ability to create global product demand, employ people, and conserve resources is paramount to long-term stability."



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# Consumer Energy Solutions Forecast: Energy Efficiency Becomes the "New Normal"

Consumer Energy Solutions, a long-time proponent of energy efficiency, sees the potential for continued economic growth coupled with enhanced environmental protection.

A recent report from the International Energy Agency notes, indicates that in 2014, for the first time in 40 years, there was a "decoupling" of economic growth and carbon dioxide emissions: the world economy grew, but CO2 emissions did not.

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Non-qualified rates are as follows:

One Year Subscriptions: Global: \$5.00

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# **Articles**



These Popular Clothing Brands Are Cleaning Up Their Chinese Factories

by Luke Whelan

It's well known that the outsourcing of clothing manufacturing to countries with low wages and weak regulations has led to exploitative labor conditions.

# Video



# What is the Reverse Logistics Association?

by Reverse Logistics Association

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# Features

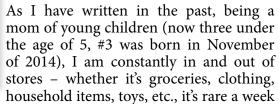
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# **Message from the Editor**

# **RETURNS - NOT A PROBLEM**



goes by when I'm not visiting several of these stores. I have often written stories about experiences I have had returning items, where I had difficulty in this process. This time, that's not the case. I recently went shopping at Kohl's and bought 3 articles of clothing. After getting home, and looking at the clothes again, I realized one of the articles wasn't going to work, so I decided to



take it back. I returned to the store a few days later. I was able to return the items with no problem at all. As I walked back out the store, I realized they had a big sale going on, and many items I had looked at previously were much lower in price, as were the other 2 items I had purchased a few days before. Without hesitation, I returned home, grabbed the other items I had bought, and returned to the store a few hours later. I was able to get those 2 items adjusted to the sale price (with their 14 day adjustment policy), and I was also able to buy a whole other article of clothing with the savings. In addition, I also got \$20 in Kohl's Cash to use in the next two weeks... Good shopping and returning experiences = a Happy Customer who will be Returning to buy more.

Thank you, Felecia Przybyla editor@rla.org

ur mission is to educate to be a catalyst for innovation what the Reverse Logistics in developing and implementing new RL processes. We have been and will continue to provide our services to the retailers in a variety of settings

information in services and such as repair, customer manufacturing, service logistics, field service, returns processing and order fulfillment (just to name a few) Logistics processes that are can be a little intimidating, to and medium-sized service

Association provides through our membership services. We serve manufacturers and industry at a moderate price. while offering ongoing updates on market trends, research, anaging the latest mergers and acquisitions 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- solutions providers that were common to all industries and say the least.Yet that is exactly 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 previously unknown to them.



and inform Reverse

Logistics professionals

around the world. RLA

focuses on the reverse logistics processes across all industries.

No matter the industry

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

High Tech, Consumer

Automotive,

# When others ran out, he rushed in.



Pass It On:

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# **Reverse Logistics Association Focus Committees**

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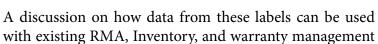
REVERSE LOGISTICS ASSOCIATION REVERSE LOGISTICS ASSOCIATION



# **Message from the Publisher**

I want to draw your attention to two of our Committees that are doing some outstanding work;

1. The RLA Standards Committee has developed a new optical label standard called SQRRL. They will give a live demo of systems to create and manage smart labels as well as analytics.



systems will follow. Click Here to register for Exploring the New sQRrl Codes Webinar being hosted by the RLA Standards Committee.



CERTIFICATION

2. The RL Certification Committee has made major headway for an international Reverse Logistics Certification program.

Members of this committee have supplied descriptions for many RL roles, from admin clerks, to analysts, to managers. This committee is reaching out to RLA members to help in writing content for the courses online with at least 10 areas of focus identified by this committee.

The focus now is for questions that any of us would ask a potential candidate for a reverse logistics role in your company. Basic positions – the RL Professional and the RL Manager. Please take a few minutes to list questions for each position via the RLA survey link below.

# RLA Survey Link

I'm proud all of our committees. They are awesome and look at the scheduled Webinars that are scheduled;

May 08 – Standards Committee - Exploring the New sQRrl Codes

May 20 – European Committee – Flextronics, Outsource or not to outsource? That is the question.

May 20 – Consumer Products Committee - Lenovo, changing its culture and transforming it operations through Bold Work Out!

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:



**Dr. Mark Ferguson – University of South Carolina,** Dr. Mark Ferguson
serves as the Director of the Sustainable
Enterprise and Development Initiative.
Dr. Ferguson has worked in the reverse
logistics area for over ten years; teaching
classes on reverse logistics topics,
consulting with companies and providing
thought leadership of the area through his
research.



James H. Hunt IV – GENCO
Technology Services, Jim is the Senior
Vice President, Business Development
for GENCO Technology Services. He has
responsibility for account management,
new business sales and solutions
development. He joined GENCO in July
2012.



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.



**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



**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.



Monica Orlando Monica Orlando has over 15 years of experience in Supply Chain designing and managing a variety of complex processes spanning across Planning, Manufacturing, Logistic, Order Fulfilment and Inventory Management. As Director of Channel Operations Monica is responsible for all the supply chain aspects of distributing PCs and Printers to the North America HP Retailers/ Distributors, including the reverse logistic processes and programs.



Vijay Raisinghani, Google, Vijay is an expert in end-to-end supply chain and fulfillment strategies and execution that cut costs, drive efficiencies, optimize assets, ensure compliance, generate revenue, and deliver high level of service quality and customer satisfaction. He has an indepth knowledge of supply chain system functionality, including planning, budgeting, forecasting, replenishment, transportation, and distribution. He has a passion and drive to inspire people and organizations to value every customer, escalate revenue and reduce cost.



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.



# 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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# Join today at www.RLA.org

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# **Titanic Reverse Logistics Mistakes**

by Gailen Vick, Founder and Publisher Reverse Logistics Association

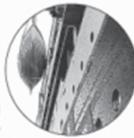
It has been 103 years since the Titanic sank Not So Unsinkable on its maiden voyage from England to the U.S.

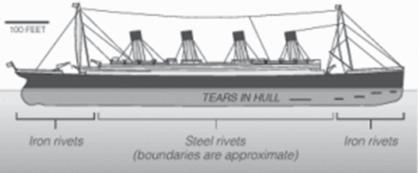
Anyone in their right mind would never repeat the errors that occurred during this tragedy where more than 1,500 passengers and crew lost their lives on April 15, 1912. Yet in the Retail industry I see companies making errors that have been previously documented in the Reverse Logistics Processes.

It's interesting if you research the structural design of the Titanic, it was designed to take a head-on or side collision of the side double-walls without sinking but no one thought about subfreezing water effects on the rivets and the costcutting programs that resulted in low quality steel being purchased that would lead to a catastrophic failure of the ship's compartment interior.

Just as the Titanic didn't plan for sub-standard rivets; was your supply chain planned with Multichannel programs

Building the Titanic required three million rivets and the shipbuilder, Harland and Wolff, may have addressed a shortage by using substandard iron rivets in the bow and stern, sts who reviewed company archives say. Naval experts suspect that popped rivets along six seams in the hull made the ship sink quickly





Source: Jennifer Hooper McCarty and Tim Foecke

THE NEW YORK TIMES

in mind? How about a collection of return materials that represents 7-10% of the very supply chain that was designed with JIT delivery? And of course, who would have projected the level of consumer demands that are being placed upon e-tailing today. Oh, don't forget extended Return Policies and Registry Gifts programs!

# DARING FEATS OF COLLISION

HMS Titanic – Start up 1908/failed 1912 – 1 Super Luxury Liner

Circuit City - Start up 1949/failed 2008 – 2nd Largest Electronic Retailer - 567 Superstores nationwide

## DOCUMENTATION BEFORE COLLISION AND AFTER THE SINKING

Radio Shack - Start up 1921/Files for Chapter 11 protection 2015 - 4,297 US stores, 274 stores in Mexico, additional 900 locations independent dealers - chain left the UK 1999, Australia 2002 and Canada 2004 (RL not centralized)

Walgreens - Start up 1901 - forecast reduced by \$1.1 billion (no ERP visibility for RL)

Target – 2014 chain left Canada 133 Stores in Canada, close 11 locations in USA (RL extended over country borders)

Tesco - Start up 1919 - pulled out of the USA in 2013, 2014 closed 43 UK stores (Senior Management with limited RL visibility)



# Reverse Logistics Association Regional Chapter Committees

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- Tony Sciarrotta, Reverse It Sales & Consulting



Most retailers have done a lot to fortify their main objectives to reinforce their supply chain and marketing. Yet finance misunderstand or are totally oblivious to the process of reverse logistics.

With a similar panic on the deck of the Titanic, many retailers are reinforcing their extended returns policies yet they don't realize the slicing effect of their business just like when the Titanic hit the iceberg; extended returns policies have major impact on long term profit.

Many retailers are sinking today even though they haven't hit their final destructive force. Their reverse logistics processes has been festering and created such a huge cost in its ghostly outcome.

# **Retailers must have Long-Range Binoculars**

1995 Walmart invests a in Reverse Logistics operation department, representing a 2.9% Savings.

2005 Best Buy announced a Reverse Logistics Group

2012 The Home Depot announced a Reverse Logistics Group

2014 Companhia Brasileira de Distribuição - Adjusted EBITDA, grows 19.7% to R\$5.4 billion

2015 GreenDust - LG signs up 2015 GreenDust a retailer in India with Reverse Logistics material only - Growth of 300 plus stores

# Reverse Logistics Landscape for Retailers

- Retailers in the U.S. have enabled the Returns mentality, with our customers, and see it as a competitive advantage
- Omni-Channel has created greater complexity for both forward and reverse Logistics.
- Returns can represent, on the average, 8% of
- Expenses can range from 7-11% COGS
- Less product going back to the OEM.
- Need to develop more robust alternative channels.(recycle, salvage, donate)

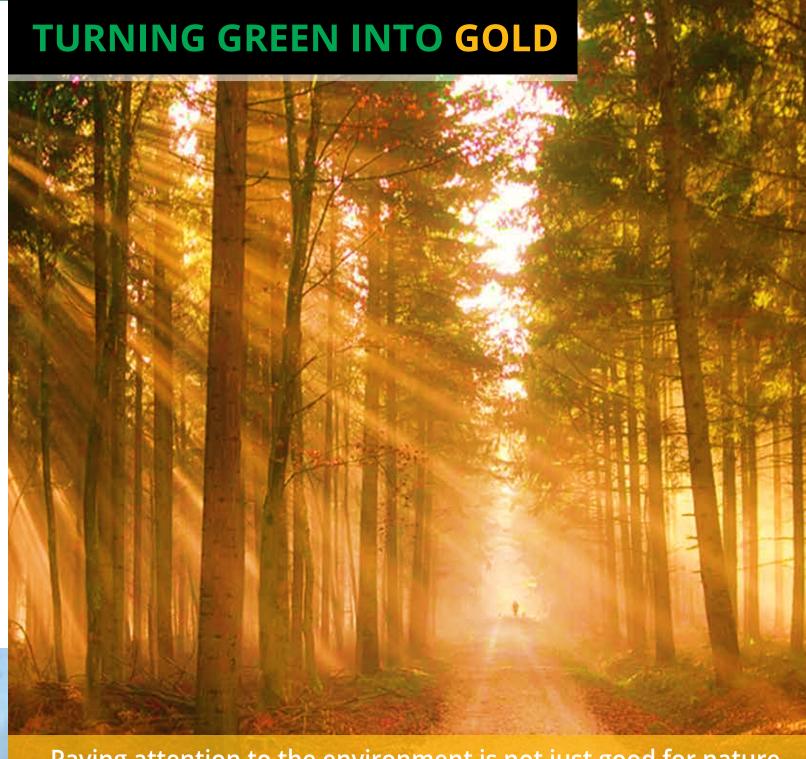












Paying attention to the environment is not just good for nature, it's also good for the **bottom line**.

Our Association doesn't save trees. Our Association educates others on how to eliminate the need to destroy them



- 1. The wireless operator aboard the Titanic ignored 3. Although the Titanic had four smoke stacks, only six iceberg warnings the ship received the day of its collision. Is your operations ignoring Reverse Logistics warnings?
- 2. The iceberg that sank the Titanic has been floating around the North Atlantic for about 3,000 years. Are you ignoring the oblivious? Everyone knows the 4. term RL, but is anyone managing the navigation to prevent a Reverse Logistics collision.
- three were operational. The fourth was for show as the Titanic's designers thought it looked better. Is you Green Initiatives/Zero Carbon foot-print for show or a PR spin? Are you aware of the cost saving that comes from a solid RL process?
  - April 14, 1912, 11:40pm The Titanic hits the iceberg. Lookouts first see the iceberg and alert the bridge. April 15, 1912, 12:20am - The RMS
- Carpathia receives distress calls and heads to the site to help. It arrives at 3:30am, one hour late. Notify other departments & shareholders early, don't ignore those that bring RL issues to your attention.
  - 5. April 15, 1912, 12:45am The first lifeboat is launched with 28 people on board out of a capacity of 65. Ironically, the passengers on board the Titanic, were scheduled to undergo a lifeboat drill the same day the ship struck the iceberg. The drill was canceled, not because of the accident, but by the captain. Changing policies in RL can have long term catastrophic impact. Know your resources during any important financial development and don't overact too hastily.



Gailen Vick, founded the Reverse Logistics Association in 2002. His market research found that over \$750 billion was being spent annually on Reverse Logistics in North America alone! Uncovered where thousands of 3rd Party Service Providers (3PSP) that

provided services to OEM/ODM, Branded and Retail companies! Additional research showed that there wasn't any common thread between any of the 3PSPs other than competition. 'There just wasn't a forum for the OEMs, ODMs, Branded and Retail companies to discuss 'best practices' for Reverse Logistics.



**Industry Events** 



**RLA @ FIEP Seminar on Reverse Logistics** June 11, 2015

**RLA @ Logistics & Supply Chain Expo: Mexico City** June 23, 2015

**RLA Conference & Expo: New Delhi** July 1, 2015

**RLA Conference & Expo: São Paulo** September 15, 2015

November 17, 2015

June 23, 2015

# PRODUCT LIFE CYCLE

**Supply Chain** 

# FORWARD LOGISTICS

**New Product Development** 

- Design Development
- **Technology** Roadmaps
- **ASIC** Development
- Mechanical Design
- **PCB Layout**
- **Prototyping**
- New Product Introduction

Material **Management** 

- Vendor Relations
- Planning Procurement
- Inventory **Planning**
- Component **Fabrication**

**Manufacturing &** Distribution

- PCB Assembly
- Box Assembly Volume
- Manufacturing
- Integration
- Configuration
- Final Testing
- Distribution to Customer
- Customer
- Fulfilment **Transportation**

**AfterMarket Supply Chain** 

# **REVERSE LOGISTICS**

**AfterMarket Customer Service** 

- Customer Service (helpdesk)
- Depot Repair/ReMan
- Service Logistics (Field Service)
- Transportation/Warehousing Spare Parts Management
- RMA Management
- Replacement Management
- Refurbishment
- Screening/Count Auditing
- End-of-life Manufacturing
- Remanufacturing
- Fulfillment Services
- IT Process Management
- Recycling
- · Scrap/Waste Management
- Gray/B Channel Management
- Warranty Management Asset Management/ITad -
- IT Asset Disposition
- Sustainability/EPR Extended **Producer Responsibility**
- Environmental Resources

**RLA Conference & Expo: Paris** 

**RLA @ Logistics & Supply Chain Expo: Mexico City** 

**RLA Conference & Expo: Atlanta** April 04, 2016



# Secondary market spotlight: Where do old phones go?

by Dr. Robert Gordon, Program Director, Reverse Logistics at American Public University

For most people in the US, the end of the life cycle one. However, this perception shifts when the individual of their beloved smartphone happens once a person decides to upgrade to newer, better technology. In most cases, this happens due to a perceived need to upgrade rather than the need due to the failure of the phone. In many cases, there is the potential for a cellular phone to serve a purpose beyond sitting around until the day comes to throw it away. Refurbishing and repairing electronics have always been a market segment in business; however, only in recent years has it been taking more of a presence

in the minds of consumers. There is a growing perception has become that a phone is more of a consumable rather than a durable. However, many manufacturers realize that the useful life of technology far exceeds the use by the original owner and so there is a growing market for refurbished smart phones.

In recent years, there are more companies that are actively refurbishing electronics. These companies are actively seeking new customers to address the growing demand in the secondary market. Companies like Gazelle and uSell are actively seeking people to sell their old electronics. Many people do not want to part with their old phones until they are comfortable with the new

realizes that someone will offer a little money from these forgotten electronics.

Not only have these large national internet companies been penetrating the secondary market, but there are also local companies penetrating this market. I have been recently working with Wireless Repair World in Pembroke Pines, FL, which is a local business that does repair for phone as well as purchasing used, but good, phones. One aspect of their business is to purchase old phones and refurbish them for the secondary market. As for my experience with this entrepreneurial company, I liked the personal contact with this organization, and they offered a better price than online companies. They seemed to be positioned for success in this realm, as long as they can make good customer relationships with the local community.

There are more cellular phones on the planet than ever before, and new ones seem to come out every year or two, there is still a need to reuse the parts from some of this equipment. Apple has been buying back old phones from consumers in order to retrieve the useful parts from these phones. Although many of these parts are small, they



# RLA Conference & Expo: São Paulo

Expo Center Norte in São Paulo, Brazil, September 15-17, 2015



We are pleased to announce the RLA Conference & Expo: São Paulo 2015! Companies from all over the world and especially South America & Central America along with many other international delegates will be in attendance.

ODMs, OEMs, Branded Companies and Retailers will be looking for 3PSPs that can manage Reverse Logistics in South & Central America.





can still be used in other applications if they are found to be in good shape. Consider that the useful life of a part should be many years, as it would be possible to keep a phone for several years. However, many consumers will purchase a new phone prior to the end of life of their old phone. This means that some of the parts in an old phone have value to the right company.

Samsung has been recycling and recovering parts from consumers since 2007. Their S.T.A.R. program allows consumers to send electronics to Samsung for recycling. In some cases, the materials recovered are good and can be used in other applications. As more usable parts get recovered, the more the value chain for refurbished goods grows. Samsung and others can then sell refurbished goods at a lower price. However, there costs are lower



than for new product making it a lucrative business.

In the future, there will be more companies that leverage different aspects of the secondary market. This will be an important growth area for reverse logistics. Consider this final thought. If the US secondary market is growing, consider the potential if one starts exploring internationally. Recently CNN reported that there is a growing secondary market for the iPhone 6 in Hong Kong. If the iPhone 6 market is growing, there must have been a market in the past for the iPhone 4 and 5.

However, there does come a point where the product is too old, too worn out to recover usable parts, or it would cost more to recover the useful parts than the cost of the parts. At that point, recycling would appear to be the only solution. Consider the untapped material that can be found in even old and unusable cell phones.

In 100,000 cell phones, there are an estimated 2.4 kilograms of gold, 900 kilograms of copper, and 25 kilograms of silver. Depending on the market prices, that could be around \$250,000 worth of scrap metal.

This means that even old electronic technology that has no value as parts can still have value in scrap. Although this seems like a lot of money for scrap phones, the problem is that each metal requires different processing in order to get it out of these phones. This can amount to extensive labor costs to get at this trapped material. However, the VTT Technical Research Center of Finland has developed a method to use fungus to recover these precious metals. In the future, it will be very likely that instead of using chemicals, we will be using fungus to help us recycle.

Ultimately, the manner and process in which material is recycled is fundamentally changing. In the future, there will be more of a focus on recycling precious materials rather than having to extract this material from the earth.



Dr. Robert Lee Gordon is currently an associate professor with American Public University System in Reverse Logistics Management program. He has four published books, three regarding project management and one regarding reverse logistics in addition to dozens of

articles. Dr. Gordon curates a Reverse Logistics topic http://www.scoop.it/t/reverse-logistics-by-robertgordon2.

# **Read the Press**



# Reaffirms Caterpillar Commitment To Illinois And Peoria As Company's Global Headquarters

15 April 2015 – After a multiyear study focused on modernizing its global headquarters, Caterpillar Inc. today reaffirmed it will remain in Peoria, Illinois, and revealed a design that will eventually span 31 acres on the citys riverfront. The key elements of the campus are:

Full Article

# **Highlighting Free Trade At Major Exporter Solar Turbines**

21 April 2015 - Free trade is essential to Caterpillars global competitiveness. We devote significant time and resources to ensuring that the global marketplace has access to Caterpillar products. Over the past five years, Caterpillar exports totaled nearly \$88 billion. In fact, at Caterpillar subsidiary Solar Turbines, 75 percent of sales come from exports.

Full Article

# 5 Megatrends That Will Unleash **Value In The Circular Economy**

20 April 2015 – Leading companies such as Veolia, DSM and SAB Miller are beginning to shift from the traditional linear take, make, dispose business model to a more regenerative circular economy

and intentional strategy to design waste out of the system and to Full Article manage materials for longer circulation and greater re-usability Supply Chain News: Warehouse as pictured.

Full Article

# Sandhurst Targets Engineering 20 April 2015 - One of SCDigest's

recently announced the opening Research Council (WERC). of a dedicated engineering facility Full Article in the centre of the country for the refurbishment, remanufacture and repair of rail, quarry and construction industry equipment.

Full Article

# **Ingram Micro Signs Distribution Agreement With Nimble Storage** For Asia Pacific Region

20 April 2015 - Ingram Micro, the world's largest wholesale technology distributor and a global leader in IT supply-chain and mobile device lifecycle services, today announced it has entered into a distribution agreement with Nimble Storage, the flash storage solutions company.

Full Article

# The World Produced A Staggering 41.8 Million Tonnes Of E-Waste In 2014

20 April 2015 - As the worlds insatiable demand for electronic goods rises, so too does the pile-up of e-waste in the world. But why so much waste? The answer: its largely

framework. This transformation down to the shortening lifespan of employs a systems level approach the same electronic products were obsessed with.

# **Education And Research Council** (WERC) Upping Its Game For 2015 Conference

And Remanufacturing With New favorite supply chain-related events each year is the annual conference 20 April 2015 - Sandhurst, has of the Warehouse Education and

# **Capital Sports Authorized To Do Remington Warranty Work**

18 April 2015 - If a federal judge orders final approval of a settlement with Remington Arms Co., owners of Remington Model 700 and other bolt-action rifles eligible for replacement of trigger mechanisms can have their firearms retrofitted in Helena.

Full Article

# **Global Spiral In E-Waste Inspires Local Partnerships**

17 April 2015 - E-waste generated around the world will reach 65.4 million tonnes by 2017, and will be one-third higher than it was in 2012 according to a United Nations initiative called solving the e-waste problem (STEP).

Full Article

# Returns are the Key to Retaining UK Customers Says New Research

by Kees de Vos, Chief Commercial Officer at MetaPack

with an easier returns delivery service but majority expect a free service and more convenience and choice

London, UK - 2ND April 2015 - The MetaPack Group, the leading provider of eCommerce technology for delivery services, today highlighted new research into how a retailer's returns policy can be a positive tool for customer retention and brand loyalty. An infographic of the findings is available

MetaPack's research was undertaken to understand what people really think about the returns processes that are currently on offer from retailers across Europe. The findings reveal that 83% of consumers would stay loyal if a retailer could provide a reliable and effective returns service. With retention being a key factor in the success of a retailer, it is clear that an efficient returns policy could provide a compelling competitive advantage in the crowded market and act as a lever to drive additional sales.

The research shows that consumers are increasingly expecting the same price, flexibility and convenience when they return a product as when it is delivered. This view was echoed across a wide range of ages and shoppers, regardless if the consumer was a light, medium or heavy user of online shopping. It also found that over a quarter

Over 83% of consumers would stay loyal to a retailer of consumers find it difficult or frustrating to return items they have bought online - of these, 58% were unhappy because the service was not free, 51% complained that it was too complicated and 46% found that it was not convenient to drop off the parcel. Consumers, educated well about price, ease of use and convenience for the dropoff of their order, are now expecting exactly the same service for the return - and they'll take their business elsewhere if they don't get it.

> Kees de Vos, Chief Commercial Officer at MetaPack, said "Having lots of options is no longer a luxury - it has become a necessity. Returns are well-known to be a tricky area for online retailers. But returns should be seen as an opportunity to build brand loyalty and retention through offering convenience and choice and a positive experience to support future spending. It's important that retailers invest in reverse logistics capabilities to support multichannel so that increased volumes of returns can be managed independently without disrupting the rest of the system. One option may be to look at services like Uber that could offer a flexible pickup service as well as how expanding networks of click and collect sites can be utilised."

> MetaPack will be hosting a webinar on the 21st April to discuss some of the key themes of the research and how retailers can keep pace with consumer demand for flexibility in returns. Register now http://www.metapack. com/report/returns-the-new-battle-ground-for-retail/





Kees de Vos joined MetaPack in 2014 as our Chief Commercial Officer leading our product vision, positioning and delivery to market. With a background in Logistics, Kees has been active in the eCommerce industry since the late nineties. He has

worked with leading eCommerce companies worldwide, heading up the design and rollout of high-volume transactional websites, and providing strategic guidance to deliver transformational multi-channel programs and products. Working with more than 100 retail customers globally, including industry leaders such as Wal-Mart, Argos, Tesco, AS Watson and Woolworths Australia, he has significant international experience.

# What is the Reverse Logistics Association?



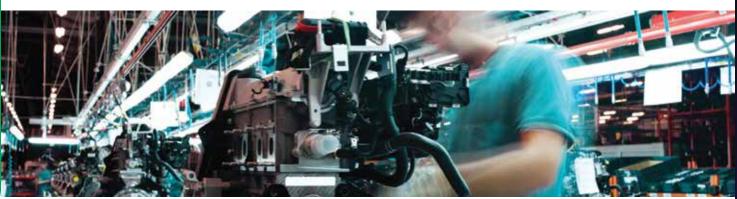


To view this video without iTunes: http://www.youtube.com/watch?v=ImgPO4r5XF4

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.

# **Remanufacturing: the Future of Sustainability**

White paper by Paul Adamson and Delana Lensgraf



"Remanufacturing is the key to global economic competitiveness. A nation's ability to create global product demand, employ people, and conserve resources is paramount to long-term stability."

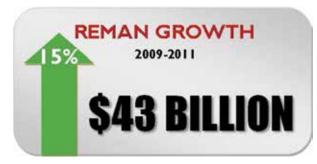
A google search for the word "Sustainability" brings up over 115 million hits, while a search for "remanufacturing" garners only 0.5% as many hits. The emphasis on the green economy is pervasive, yet remanufacturing, arguably the definition of sustainability, receives relatively little market or media recognition. Remanufacturing products is just plain smart; the ability for companies to remanufacture products is a critical differentiator from a financial, sustainability, and customer service perspective. Although the remanufacturing industry reached \$43 billion in revenue and employs over 180,000 workers in the United States, most people have never heard of this important industry.<sup>1</sup>

# What is Remanufacturing Really?

Remanufacturing is defined as a comprehensive and rigorous industrial process by which a previously sold, worn, or non-functional product or component is returned to a "like-new" or "better-than-new" condition and warranted in performance level and quality.<sup>2</sup>

In layman's terms, remanufacturing is the process of breaking down a product, assessing each part, and remaking the product to equal or better quality than a newly produced good.

Remanufacturing has grown substantially in recent years. In fact, from 2009-2011, the industry grew 15% to reach \$43 billion ("How Remanufacturing Is Booming across the US").



Interestingly, the Aerospace industry accounts for over 30% of remanufacturing, followed by Heavy Duty/ Off-Road and Vehicle Parts. Machinery and IT Devices account for nearly 20% of remanufacturing. In total, remanufacturing employs over 180,000 people in the United States alone. This number is sure to skyrocket over the next decade as more companies convert their manufacturing and design processes to support the remanufacture of goods ("How Remanufacturing Is Booming across the US").

# TOP FIVE INDUSTRIES IN THE U.S.

REMANI	<b>IFACTI</b>	URING 201
LITE IN THE	<i></i>	JIMINO LUI

	PRODUCTION	EMPLOYMENT
Aerospace	\$13 billion	35,201
Heavy Duty/ Off-Road	\$7.7 billion	20,870
Vehicle Parts	\$6.2 billion	30,653
Machinery	\$5.8 billion	26,843
IT Devices	\$2.7 billion	15,442

# Financial Benefits: Same Product, Multiple Lives

Companies that remanufacture make profit on the exact same product, often many times over. Remanufacturing completely disrupts the end-of life product concept and creates a circular cycle. The automotive industry is the

# **RLA CONFERENCE & EXPOS: PARIS 2015**

PARIS PORTE DE VERSAILLES PAVILION 7.2 TUESDAY, NOVEMBER 17, 2015 - WEDNESDAY, NOVEMBER 18, 2015

OVER 400 RL PROFESSIONALS AND 200 COMPANIES WILL BE IN ATTENDANCE

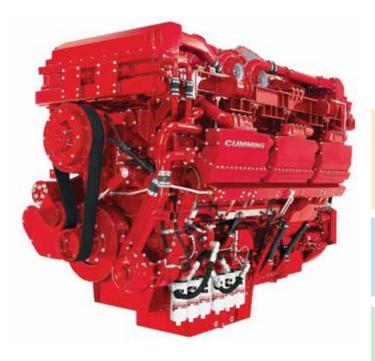


The Reverse Logistics Association Conference & Expo kicks off on Tuesday and continues through Thursday with workshops, committee meetings, several sessions presented by RL professionals, leading academics and interactive panel discussions. Be sure to visit the Exhibition Hall where OEMs, ODMs and Retailers will be looking for Third Party Service Providers that can manage Reverse Logistics in Europe and around the world. This is a rich opportunity for OEMs, ODMs, Retailers, and Branded companies to identify future service partners among the many exhibitors showcasing their Reverse Logistics solutions.

**RLA WORKSHOPS: TUESDAY, NOVEMBER 17, 2015** 



veteran leader of remanufacturing techniques. Cummins, for example, produces engines that can be remanufactured up to three times, which positively impacts long-term profitability. Rather than replace an entire industrial engine, Cummins simply replace failed or worn parts, such as pumps and turbo chargers, to restore the unit. In fact, in their most recent Corporate Responsibility report, Cummins reported that over 80% of their engine can be remanufactured, enabling the company to reap profits over and over while simultaneously delivering a quality product. In 2012, Cummins reached \$1 billion in sales of remanufactured products, reclaiming over 50 million pounds of product.<sup>3</sup>



Not only do the manufacturers save money by remanufacturing, consumers also benefit. Products that are restored to "like new" condition can save consumers up to 40 percent in comparison to brand new products, while also decreasing the environmental footprint of manufacturing.4

One reason businesses may be weary of adopting remanufacturing processes is the fear that these products will cannibalize new sales. A recent report from FTI Journal refutes this claim and states that "recent reports confirm that returns processing not only will not negatively affect sales of new products but potentially could boost volume due to improved design knowledge and innovation gained from manufacturing" ("The Lure of Like-New" 4).

# From the Original Equipment Manufacturer's **Perspective**

In order for an OEM to justify the investment in developing the internal or external capability to remanufacture, they must develop a model that shows the return on investment. The business case for remanufacturing looks at yield, cost to remanufacture, cost of new, and ASP of remanufactured products. Using these data points an OEM can quickly determine the profitability of remanufacturing and the strategy to move forward. To demonstrate this analysis, in simple form, review the table below for Widget 123 that has a new sales price of \$100. In a traditional sales model, Widget 123 would yield a profit of \$40 for each new sale. If remanufacturing is introduced we see the model change quickly.

# **Financial Opportunities of Remanufactured** versus New for Widget 123

New Sales Price New Cost Advanced Exchange Price Cost to Reman Yield	\$100.00 \$60.00 \$65.00 \$10.00 90%
Traditional Sales Model	All Sales
New Sale	\$100.00
New Cost	\$60.00
Gross Profit	\$40.00
Reman Sales Model	First Sale
Advanced Exchange Sale	\$65.00
New Cost	\$60.00
Gross Profit	\$5.00

Reman Sales Model Advanced Exchange Sale New Cost Yield Factor Gross Profit	Second Sale \$65.00 \$10.00 \$6.00 \$49.00
Reman Sales Model Advanced Exchange Sale New Cost Yield Factor Gross Profit	Third Sale \$65.00 \$10.00 \$6.00 \$49.00
Total New Product GP Total Reman Product GP	\$40.00 \$103.00

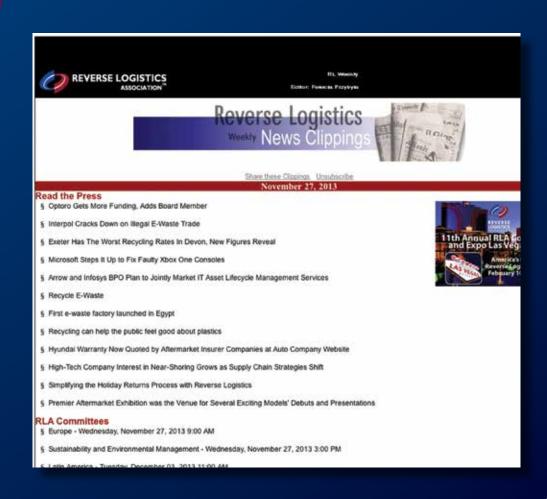
# NEWS clippings

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# WEEKLY NEWS CLIPPING

Emails provide press releases related to OEM/ODM and Branded Companies, Third Party Service Providers and other organizations involved in Reverse Logistics. Four categories of news include: Read the Press, Money Talks, Industry Events and Technology Spotlight. News covers all areas of RL including Aftermarket Service, Warranty Management, Asset Disposition, FieldService, Remarketing, Data Destruction, Regulatory Requirements and e-Waste disposal, just to name a few.

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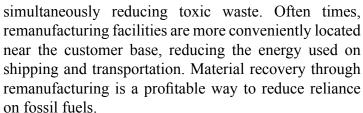


# Sustainability Benefits: Out with the Old and in with the New

Remanufacturing marries competitive business with corporate responsibility, and this business model will be increasingly important. In recent decades, the strain on the Earth's raw materials has become alarming. In addition, population growth is expected to soar. By 2050 the world's resources must support a population expected to reach over 9.2 billion ("The Lure of Like-New" 2-3). As the middle class populations in developing countries continue to grow, consumption is expected to increase, creating both risks and opportunities. One risk that has already started to manifest is the issue of increased waste. From 1980 to 1997, solid waste in OECD countries rose 40%, and is expected to grow another 40% by 2020.

As more and more goods are produced to sustain consumer habits, the associated waste degrades the

additional creates disposal. Remanufacturing, presents opportunity to reduce energy expended manufacture products. new an increasingly competitive world. remanufacturing reduce the uncertainty of the price swings of materials while



# The Challenges of Remanufacturing

It is certainly not easy to adopt remanufacturing, although many companies would benefit immensely from incorporating these processes. Ramesh Subramonium of FTI Consulting asserts that, "Remanufacturing requires a dedicated returns management process and different financial and demand-planning models." In addition, the costs to establish remanufacturing can be incredibly high because equipment, storage, and transportation must be

customized. There are two main challenges that typically stand in the way of incorporating remanufacturing:

# 1. Lack of Returns Management Processes

Often times, companies are unable to accurately forecast returns. They don't know how much is coming back and in what condition. Even if a company can successfully forecast returns, the information about these returns often does not include defect details that can be used to assess critical parts for repair. Visibility into all returns across sales channels is critical to plan remanufacturing of components. In many companies, the lack of executive sponsorship of a returns management strategy is extremely detrimental.

# 2. Disconnect between Design and Manufacturing

It is critical to facilitate communication between

engineering, design, manufacturing. products to be easily broken down and remanufactured. must be designed as such. By gathering data on the causes for returned goods. companies improve their design process thereby improving customer satisfaction. Closing the loop between design manufacturing

standardizes material to be remanufactured.



# **Keys to Success**

In order for remanufacturing to take its rightful place in the word of sustainable manufacturing, two things must take place:

# 1. A definition of remanufacturing should be established.

Confusion remains about what remanufacturing entails and how it relates to sustainable manufacturing. In order to promote remanufacturing, a common definition must be accepted by all.

RIC defines remanufacturing as a comprehensive and rigorous industrial process by which a previously sold, worn, or non-functional product or component is returned to a "like-new" or "better-than-new" condition

# **RL CERTIFICATION**

Invest in your career and your future with a certification from the Reverse Logistics Association (RLA) that will show that you have a set of skills to build value in any organization.



In its commitment to giving you the greatest opportunities for professional development, RLA now provides certification as a:

# **REVERSE LOGISTICS PROFESSIONAL (RLP)**

If you are working in the reverse logistics field with three or more years of experience, then you are ready to take the Reverse Logistics Association's preparation course for the Reverse Logistics Professional Certification Examination. The course is 8 hours of training in the foundational principles of reverse logistics and the business practices that lead to world-class performance. The course is highly interactive in an experiential-learning format that maximizes your training so that you can immediately apply what you have learned on the job. After passing the examination, you will be qualified to put "RLP" after your name distinguishing you are a highly-trained professional in reverse logistics.



# **REVERSE LOGISTICS MANAGER (RLM)**



If you are a manager of reverse logistics processes with five or more years of experience, then now is the time to take the next step in your career by taking the Reverse Logistics Association's preparation course for the Reverse Logistics Manager Certification Examination. The course provides 16 hours of intense instruction in the latest trends in reverse logistics and the best practices that will set you and your organization apart in your industry. You will receive in depth training in the strategic and tactical aspects of reverse logistics. And, the course also covers the tried-and-true techniques that can help a manager lead his or her staff you achieve the greatest potential value-recapture for their organization. "RLM" after your name says that you have demonstrated a high-level of competence to lead and direct reverse logistics processes.

# **REVERSE LOGISTICS TRAINER (RLT)**

If you quality as a Reverse Logistics Manager and you have training experience, by taking the Reverse Logistics Association's preparation course for the Reverse Logistics Trainer Certification Examination, you can become qualified to train RLPs and RLMs. The course is 24 hours long to strengthen your mastery of reverse logistics concepts and techniques as well as give you the skills to effective teach them to others. As an RLT you will be a registered education provider and you will be qualified to work collaboratively with RLA to help organizations around the world to prepare their personnel to achieve high-level performance in reverse logistics.



and warranted in performance level and quality (RIC Really are no Trade Offs footnote).

# 2. Common standards must be developed.

The Remanufacturing Industries Council (RIC) has taken important steps to develop the American National Standard for Remanufacturing under the American National Standards Institute (ANSI). This new standard establishes technical specifications, benchmarks to ensure quality of remanufactured goods.

# **Remanufacturing Industries Council**

The Remanufacturing Industries Council (RIC) is the leading industry body that promotes remanufacturing. The goal of RIC is to support remanufacturing across industries by creating collaboration opportunities and fostering education, advocacy, and research of this field. RIC is spearheading the initiative to bring standardization to the remanufacturing as well as sponsoring roundtable events to bring leaders of remanufacturing together. Major players in the remanufacturing space have joined RIC recently, including Caterpillar Inc., Cummins Inc., John Deere Reman, and GE Healthcare.

# **Innovation Case Study: Nextant**

One of RIC's most interesting members is Nextant Aerospace. Their slogan says it all: Reimagined, Rebuilt, Reborn. Nextant is one of the first companies to successfully remanufacture jets. The Nextant 400XTi, backed by a full factory warranty and a global network of service centers, is completely disrupting their niche market. Selling for half the price of comparable jets, the 400XTi is built using a unique remanufacturing process through which an existing airframe is re-built with the latest technological advances in aerodynamics and avionics.5 Nextant is a stellar example of a company that has capitalized on remanufacturing innovation to the benefit of their customers and their profit.



\*Source: Nextant Website

**Economics versus the Environment: There** 

For many years, buying sustainable products meant paying a premium. Whether buying organic food or solar powering your home, the consumer typically has to value these positive externalities to accept higher prices. Remanufacturing, in contrast, creates zero trade-offs. Prolonging the lifespan of goods through remanufacturing is both "green" and cost effective for the retailer, OEM, and consumer. Our financial model shows that by adopting remanufacturing processes, it is possible to far exceed the profits made by producing a new good, all while maintaining quality. By remanufacturing products, the traditional linear process of making goods completely transforms into a closed loop. Win-win-win.

# The Challenge

Understanding where to start – how to integrate remanufacturing into your corporate DNA - can be complicated. If you need help starting or improving the process, Spinnaker can help. Let a Spinnaker consultant help you achieve your desired future state.



Paul Adamson is the Director of Business Development and Marketing for Spinnaker. He has over 20 years of industry experience in Returns Management, Service Operations, and Sustainability. A recognized subject matter expert in Electronics

Remanufacturing, Recycling, and Second-Life Applications, Paul has been a regular moderator and panelist at regional and national conferences on reverse logistics, material reuse, and recycling. Throughout his career, Paul has worked in leadership positions for a variety of industries including Consumer Electronics, Distribution, Retail, and Sustainability.

Prior to joining Spinnaker, Paul founded two successful electronic test and repair companies with global operations. Paul's diverse background includes strategy, operations, and business development roles for other high-tech repair and remanufacturing companies. In these roles he has helped develop reverse logistics, remanufacturing, and recycling strategies for clients with operations across the globe. Most recently, Paul worked to establish collection and processing capabilities in Central America for universal waste, electronics, metals, and plastics. Paul received his B.S. in Business Administration from LeTourneau University.

# **RLA Conference & Expo: Atlanta**

Georgia World Congress Center, April 04-07, 2016

Join the Reverse Logistics Association at Atlanta



# **Seeking Great Speakers**

# Want to take the stage at RLA Conf & Expo: Atlanta 2016?

Well, we want to hear from you. We're looking for Reverse Logistics groundbreaking stories, case studies and discoveries. Bring us your breakthrough innovations and best practice implementations. Tell us about significant challenges you've overcome or how you've defined a best-in-class or innovative new way to operate in Reverse Logistics. Please visit our Speakers page to see our qualifications, as well as the many nice benefits we offer to our speakers. If you are interested in speaking or participating on a panel, and sharing your knowledge and expertise in Reverse Logistics, please contact us.







Delana Lensgraf is the Research Content Specialist for Spinnaker's Supply Chain practice. An expert in international relations, Delana blends a unique skillset of global supply chain operations and corporate social responsibility. At Spinnaker, Delana is responsible for

driving thought leadership across the firm's four lines of business. In this role, Delana collaborates with practice leaders to publish innovative pieces on topics from Remanufacturing to Omni-Channel to Electronic Waste.

Prior to joining Spinnaker, Delana's career in International Development brought her to five continents to work with leading non-profits and consultancies. This time abroad fostered Delana's passion for sustainability in global supply chains. Fluent in Spanish, Delana completed three years as a Teach for America corps member serving in a low-income Latino school in Houston, Texas. Delana holds a Bachelor of Arts in International Studies from the University of North Carolina at Chapel Hill and a Master of Science in Foreign Service from Georgetown University.

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# **EUROPE COMMITTEE**

Presented by Kelly Davies of

**Flextronics** 



# OUTSOURCE OR NOT TO OUTSOURCE? THAT IS THE QUESTION.

WEDNESDAY, MAY 20, 2015 ♦ 9:00 AM GMT+01:00, WESTERN EUROPEAN (LONDON) DAYLIGHT





to receive the access code, password and call-in number

# RLA Webinars are hosted and run by each Industry Committee.

Webinars are FREE and available to anyone who registers for the event. These Webinars are held monthly for each Industry Committee. They are 20-30 minute presentations given by a professional in that Industry, and then the opportunity is opened up to webinar attendees to ask Questions and share information relevant to the given topic.



COMMITTEE	TOPIC	CHAIRMPERSON	COMPANY
STANDARDS	Developing Standards for Food Safety and Quality during Transportation Processes	Dr. John Ryan	Ryan Systems
RETAILERS	Returns After Christmas: Challenges and Issues	Derek Palmer	Transform
LIFE SCIENCES	Life Sciences Reverse Logistics Best Practices	Gailen Vick	RLA
EUROPE	Driving Post Sales Value Upstream	Paul Slaven	Intel
APAC	APAC Chapter Report	Mohan Kumar D	Hewlett-Packard
BRASIL	Impactos da LRS (Lei de Resíduos Sólidos) Nos Processos Operacionais	Orlando Cattini Junior	FGV
SOFTWARE SOLUTIONS	Better, Faster Returns Processing & Data Collection Part 2	Roger Levi	Intel
WIRELESS TELECOMMUNICATIONS	Being Green and Socially Responsible	Amy Augustine	U.S. Cellular
AFRICA	What is the state of reverse logistics in Africa?	Craig Plowden	Revlogs (Pty) Ltd
DATA STORAGE	Secondary Market for Drives	Tom Burnam	Western Digital
CONSUMER PRODUCTS	U.S. Exports of Used Electronic Products	Michael Anderson	US International Trade Commission







# **Consumer Energy Solutions Forecast: Energy Efficiency Becomes the "New Normal"**

Consumer Energy Solutions, a long-time proponent of energy efficiency, sees the potential for continued economic growth coupled with enhanced environmental protection.

A recent report from the International Energy Agency notes, indicates that in 2014, for the first time in 40 years, there was a "decoupling" of economic growth and carbon dioxide emissions: the world economy grew, but CO2 emissions did not. The Washington Post, commenting on this announcement, observed that what appeared to be a tight link between economic growth and the use of more energy has seemed an almost invariant

fact of the modern industrial world, and has led some to suggest that economic growth itself is incompatible with environmental protection. Clearly, it seems, that is not the case.1

The IEA report attributes the 2014 results to a number of factors. One is China's shift to a greater use of renewable resources; another very important one is the fact that OECD (Organisation for Economic Co-operation and Development) countries have both advanced renewable energy production and combined it with greater energy efficiency. That's certainly the case in the U.S. electricity industry, according to Patrick J. Clouden, CEO, Consumer Energy Solutions, Inc., who adds that the report from the IEA supports, on a macro level, what his company has been seeing for years with thousands of customers: energy efficiency enables everyone to do more while consuming less power.

Consumer Energy Solutions officials say a trend taking place in the world of commercial LED lighting is affordability. In the past LED lights were significantly



more expensive than traditional lights, so making the switch could be daunting. But now it is becoming much more affordable to choose LED lights. In fact, companies can even lease them, Clouden says. CES is, on average, seeing a 30-50% savings per annum for their business clients who are converting their incandescent lighting to LED lighting. For one client, CES upgraded all types of lighting elements in one building to LED; the upgrades, for this one building alone, saved the company over \$180,000 over a five-year horizon.

On the federal level, Clouden notes, energy efficiency for consumers is being encouraged by the residential energy tax credit provision of the American Recovery and Reinvestment Act of 2009, which provides homeowners



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broadly, the Obama administration's proposed budget funding for clean energy and a new \$4 billion fund to encourage states to make faster and deeper cuts to power plant emissions.

Nonetheless, in February the American Energy Innovation Council, a group that includes former Microsoft Chairman and CEO Bill Gates and General Electric Chairman and CEO Jeff Immelt, issued a report stating that federal government investments in energy been flat for the past five years.

"To solve the world's energy and climate challenges we need hundreds of new ideas and hundreds of companies working on them," says Gates. "That is not going to happen without the U.S. government's continued tradition of leadership in R&D." Echoing Gates's comment, council member Norman Augustine, retired chairman and

a tax credit of up to 30% of the cost of qualifying energy- CEO of Lockheed Martin, says, "We believe it is deeply efficient improvements to their existing homes.<sup>2</sup> More in America's economic and security interests to double or triple long-term R&D investments. We urge this to for fiscal year 2016 calls for a seven percent increase in become a priority for the new Congress, the president, and leaders of both parties."3

It seems likely that as the public comes to a greater understanding of the benefits of energy efficiency for the environment and the nation's economy, bipartisan support for intensified energy research will arise. In the meantime, there are a number of promising local initiatives in the works. In California, for example, the California Energy Commission has just released the latest research, development, and demonstration projects have in a long line of energy-efficiency standards that have made the Golden State a world leader in saving electricity. The commission is writing proposed minimum power consumption standards that it estimates would save 2,702 gigawatt hours a year of electricity, roughly the combined usage of the cities of Long Beach, Anaheim, Huntington Beach, and Riverside—an area with an aggregate population of 1.3 million.4

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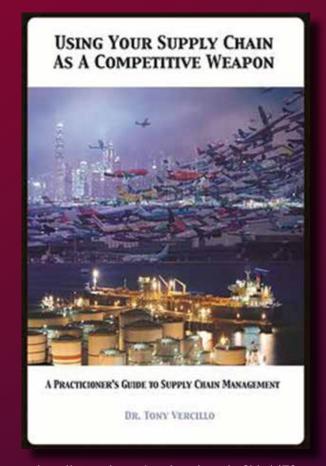


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and satisfying to see what was once regarded as a fad become the 'new normal.' We devote a lot of our time to helping our customers operate more efficiently, and we also pay a great deal of attention to applying new technology as it develops. In a lot of areas, such as solidstate lighting, we're just now beginning to find out what's possible. The future of energy use, both in this country and worldwide, will be an increasing ability to do more, better, with less."

About Consumer Energy Solutions, Inc.:

Headquartered in Clearwater, FL, Consumer Energy Solutions, Inc. (CES) is one of the nation's foremost full-service energy consulting companies, with over two million residential and 300,000 commercial customers across the United States and Canada, including many Fortune 500 companies. Founded in 1999 by Patrick J. Clouden, CES transitioned in 2004 from selling primarily to residential customers to selling primarily to businesses. The company's long-standing relationships with the largest independent energy suppliers in the U.S., coupled with its unparalleled knowledge of the industry, give CES customers access to the most competitive electricity and natural gas rates available in their area. CES is dedicated

"As a pioneer in energy efficiency, both for consumers to educating its customers about the choices available and for business," says Clouden, "it's both encouraging to them as energy consumers, and to helping them, in a volatile energy market, to balance short-term savings against long-term risk. The company's mission is to assist its commercial clients in better managing their energy costs so as to add to their bottom line. CES is an industry leader in providing its clients with effective strategies and solutions to reduce energy costs. References are available upon request. For more information, visit www. consumerenergy solutions.com.

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# These Popular Clothing Brands Are Cleaning Up Their Chinese Factories

by Luke Whelan

It's well known that the outsourcing of clothing manufacturing to countries with low wages and weak regulations has led to exploitative labor conditions. But many foreign apparel factories also create environmental problems. The industrial processes used to make our jeans and sweatshirts require loads of water, dirty energy, and chemicals, which often get dumped into the rivers and air surrounding factories in developing countries.

Almost 20 percent of the world's industrial water pollution comes from the textile industry, and China's textile factories, which produce half of the clothes bought in the United States, emit 3 billion tons of soot a year, according to the Natural Resources Defense Council (NRDC).

But a few basic (and often profitable) changes in a factory's manufacturing process can go a long way in cutting down pollution. That's the takeaway from Clean by Design, a new alliance between NRDC, major clothing brands—including Target, Levi's, Gap, and H&M—and Chinese textile manufacturing experts.

Starting in 2013, 33 mills in the cities of Guangzhou and Shaoxing participated in a pilot program that focused on improving efficiency and reducing the environmental impact of producing textiles. The results, released in a

report today, are impressive.

The 33 mills reduced coal consumption by 61,000 tons and chemical consumption by 400 tons. They saved 36





million kilowatts of electricity and 3 million tons of water (the production of one tee shirt takes about 700 gallons, or 90 pounds, of water). While mills often needed to invest in capital up front, they saw an average of \$440,000 in savings per mill—a total of \$14.7 million—mostly returned to them within a year.

How did they accomplish all this? Below are some of the measures that were implemented:

**Upgrading metering systems** to monitor water, steam, and electricity use (and identify waste)

Implementing condensation collection during the

steam-heavy dying process

**Increasing water reuse** after cooling and rinsing (some clothes get rinsed as many as 8 times; the final rinses often leave behind clean water)

**Investing in equipment for recovering heat** from hot water used for dying and rinsing, and from machines

Stopping up steam and compressed air leakage to increase energy efficiency

**Improving insulation** on pipes, boilers, drying cylinders, dye vats, and steam valves to prevent wasted energy

# **Reverse Logistics Terminology**

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Industry Definition		
INDUSTRY	TERMINOLOGY	
Apparel	Merchandise Returns	
Automotive & HD	Remanufacturing	
Consumer Products	After Market Supply Chain	
Furniture	Rebuilders/Refurb	
Hospitality	Reader Board Shopping	
Military	Retrograde	
Retail Grocery	Unsaleables	
Space & Aviation	Obsolescence	
White Goods	Takebacks	

# Life Cycle Management After Purchase Life Cycle

- Customer Service (helpdesk)
- Depot Repair/ReMan
- Service Logistics (Field Service)
  - Transportation/Warehousing
  - Spare Parts Management
  - RMA Management
- Replacement Management
- Refurbishment
- End-of-life Manufacturing
- Remanufacturing
- Fulfillment Services
- IT Process Management
  - Recycling
  - Scrap/Waste Management
- · Gray/B Channel Management
- Warranty Management
- Asset Management/ITad -IT Asset Disposition
- Sustainability/EPR Extended Producer Responsibility
- Environmental Resources



"Reverse Logistics is the process of managing assets (whether negative or positive) after a product or service is purchased or consumed in all industries and across all disciplines"....



NRDC and its partners created an index that ranks the environmental responsibility of multinational corporations' supply chains. Target, Gap, Levi's and H&M are near the top of that list, while Ralph Lauren, J.C. Penny, and Victoria's Secret are close to the bottom.

Dr. Linda Greer, a toxicologist and director of the Natural Resources Defense Council's health and environment program hopes that the results of the pilot program will encourage other brands to push the mills they contract with to incorporate Clean by Design's practices.

"Multinational companies know better," she says, referring to the dismal environmental records of many major brands. "They used to manufacture everything here [in America], they know it need not look like this." Besides, she says, it's economically inefficient. "All that pollution is valuable chemicals, valuable water and energy that has been purchased and is being wasted."



Luke Whelan is an editorial fellow at Mother Jones whose work has appeared in Grist and Vermont's Burlington Free Press. He enjoys road biking and working on his Chinese. RSS | TWITTER

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