

# Reverse Logistics 101: The ABCs of Reverse Logistics Information Management

by Mark Doughton

Without access to data, you simply must assume. And, we all know what that means...especially when it comes to reverse logistics. The good news is that there is actually no reason to assume. A goldmine exists within returns data, if you have 1) the technology tools to make it Accessible, analytical and actionable, 2) the ability to incorporate Best practices and benchmarking and 3) a commitment to Collaboration.

Ask anyone that touches returns, “what is the ultimate goal of your reverse logistics program?” and most will respond, “I just want returns to go away, or at least be reduced, or at a bare minimum maintained at current levels.” For many, the task seems impossible. Day to day, most reverse logistics programs focus on the in and out processing for financial and inventory management or the asset recovery revenue opportunity. The key performance indicators then become processing turnaround and recovery yield...two very important measurements. However, these measurements alone cannot help you achieve the ultimate goal of eliminating, reducing or maintaining the level of returns. There is more to it. Let’s just say to accomplish the ultimate goal, you must understand and implement the

ABCs of Reverse Logistics Information Management 101.

## **A** Accessible, Analytical, and Actionable

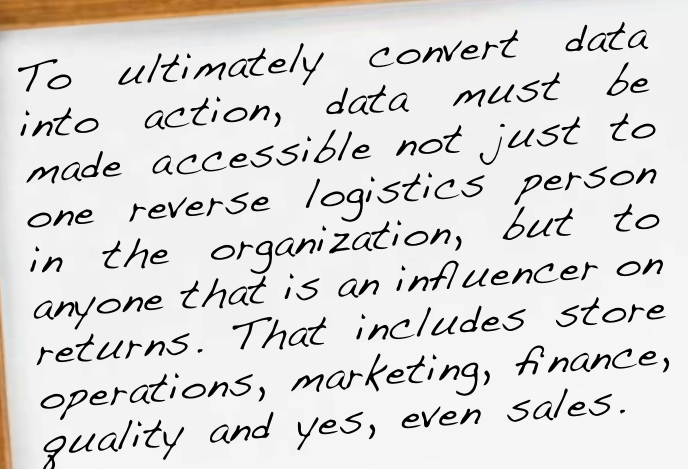
It all starts with capturing the key pieces of data at the lowest level. This means store or vendor level, reason for return, package condition, recovery yield, etc. The problem is not that many companies do not capture some of this information. That’s not really the issue. The issue is that most cannot access it... easily.

To ultimately convert data into action, data must be made accessible not just to one reverse logistics person in the organization, but to anyone that is an influencer on returns.

That includes store operations, marketing, finance, quality and yes, even sales. While they don’t need to see all information, they do need to see the information they can influence.

They must understand how their actions impact returns volume.

At the same time, reality is that we all live today in a state of information overload. Sometimes too much data actually hinders action because it’s just too overwhelming. That’s why tools that provide access must have analytical applications to help the cross-functional reverse logistics team extract meaning from the data. Watch lists or exception lists are critical to quickly analyzing the situation. And the watch lists must be customizable by cross functional area and individual. The analytical tool must go one step further and allow immediate drill down to the lowest level of detail with the ability to slice and dice in multiple directions. The



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antiquated bureaucratic procedure of going to IT with every new analytical reporting request no longer is necessary. Today's savvy companies have web-based tools that enable them to design and control output and analysis.

This is how you turn data into action—by giving the people that influence returns the tools to analyze, understand and take action to make a difference. Successful action-oriented companies have used the data to improve store compliance, monitor loss prevention, maximize asset recovery, improve vendor relations and reduce overall returns.

## **B** Best Practices and Benchmarking

So how can your company make the same progress? You can start by implementing reverse logistics best practices. Those that have made progress in lowering their overall returns rate did so because they captured the data at the lowest level and utilized technology tools to analyze it. Doing so does require, however, that you have a reverse logistics program in place to capture the information.

Even if there are not benchmarking opportunities within your particular industry, you often can glean valuable information by studying other industries that have more mature reverse logistics programs. While they may not directly correlate, many times there is valuable information that can be modified to fit your particular industry.

## **C** Commitment and Collaboration

Successfully turning data into actionable information takes more than just a goal; it takes commitment and collaboration. First, there must be a commitment to implementing a reverse logistics program and to investing in the technology that captures, reports and analyzes information to the lowest level of detail. And, once you have that information, an owner of the reverse logistics program must collaborate with a cross-functional team to analyze the information. By collaborating with all the functional areas that influence returns, silos are broken down and action is taken to make an overall profitable difference for the company.

Collaboration doesn't end internally though. External collaboration with vendors and customers ensures that your returns program can reach new levels of success. The information analyzed can point out opportunities in packaging materials, packaging supplier quality, shipping quality, store policy compliance, shrink, product defects, process improvements, and asset recovery yield maximization. All of these improvements can be made only if the reverse logistics data is made accessible and analyzed for action.

By implementing the ABCs of Reverse Logistics Information Management 101, companies can achieve their ultimate goal of reducing returns and building a more efficient process. An investment in technology tools that allow flexibility, easy access, watch lists and exception analysis is key. Without technology driven web-based tools that allow companies to control the data that they need, with custom analysis and cross functional access, progress can't be made quickly. And, quickly is key, because in the information age those that can analyze quickly and take action are the ones that will competitively jump ahead and improve their bottom lines.



*Mark Doughton is president of Inmar CLS. Inmar CLS provides technology-driven reverse logistics and supply chain solutions. For more information,*

*visit [www.cls.inmar.com](http://www.cls.inmar.com).*



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