


# REVERSE LOGISTICS FOR RETAILERS



T H E B E S T R E T U R N <sup>SM</sup>

May, 2001

# Today's Agenda



- ❑ Who is GENCO
- ❑ What is Reverse Logistics
- ❑ Customers
- ❑ Reverse Logistics Services
- ❑ Reverse Logistics Flow
- ❑ Benefits
- ❑ What People are Saying
- ❑ Questions

# GENCO Tradition



- ❑ Founded in 1898
- ❑ Over 6,000 Teammates
- ❑ Operate 85 Facilities Internationally
- ❑ Management of Over 13.5 Million Sq Ft
- ❑ Process Over £7 Billion of Returns Annually
- ❑ Retailers / Suppliers Logistics Services

# Reverse Logistics Defined



- The Reverse Logistics Process Is The Path By Which Assets And Data Move Back Through The Traditional Supply Chain.
- Key Components Of The RLP Include:
  - Returns Processing
  - Product Disposition
- Technology Driven Process

# Reverse Logistics Services

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- ❑ Central Return Centre Operation (CRC)
- ❑ Customised Returns Software (R-Log)
- ❑ Asset Recovery Centre Operation
- ❑ Salvage Sales
- ❑ Labour Intense Services
- ❑ Hanger Recycling
- ❑ Consulting & Implementation

3M Innovation Network

PlayStation

BLACK & DECKER

Elizabeth Arden



Ames



TARGET

POLO RALPH LAUREN

JCPenney  
I LOVE YOUR STYLE

CHANEL

Hershey Foods Corporation



Dixons

Currys



HP HEWLETT PACKARD

The Link

PC WORLD



WALMART Always

SEARS

HomeBase  
We've Got All The Bases Covered



Harris Teeter  
Your Neighborhood Food Market  
The Best Is What We're All About

UNIPATH



RECKITT BENCKISER



MEIJER



Nobody beats the WIZ  
Total Entertainment

Service MERCHANDISE

BRAUN



SLATES



PEPBOYS  
Parts, Tires, Accessories, Service

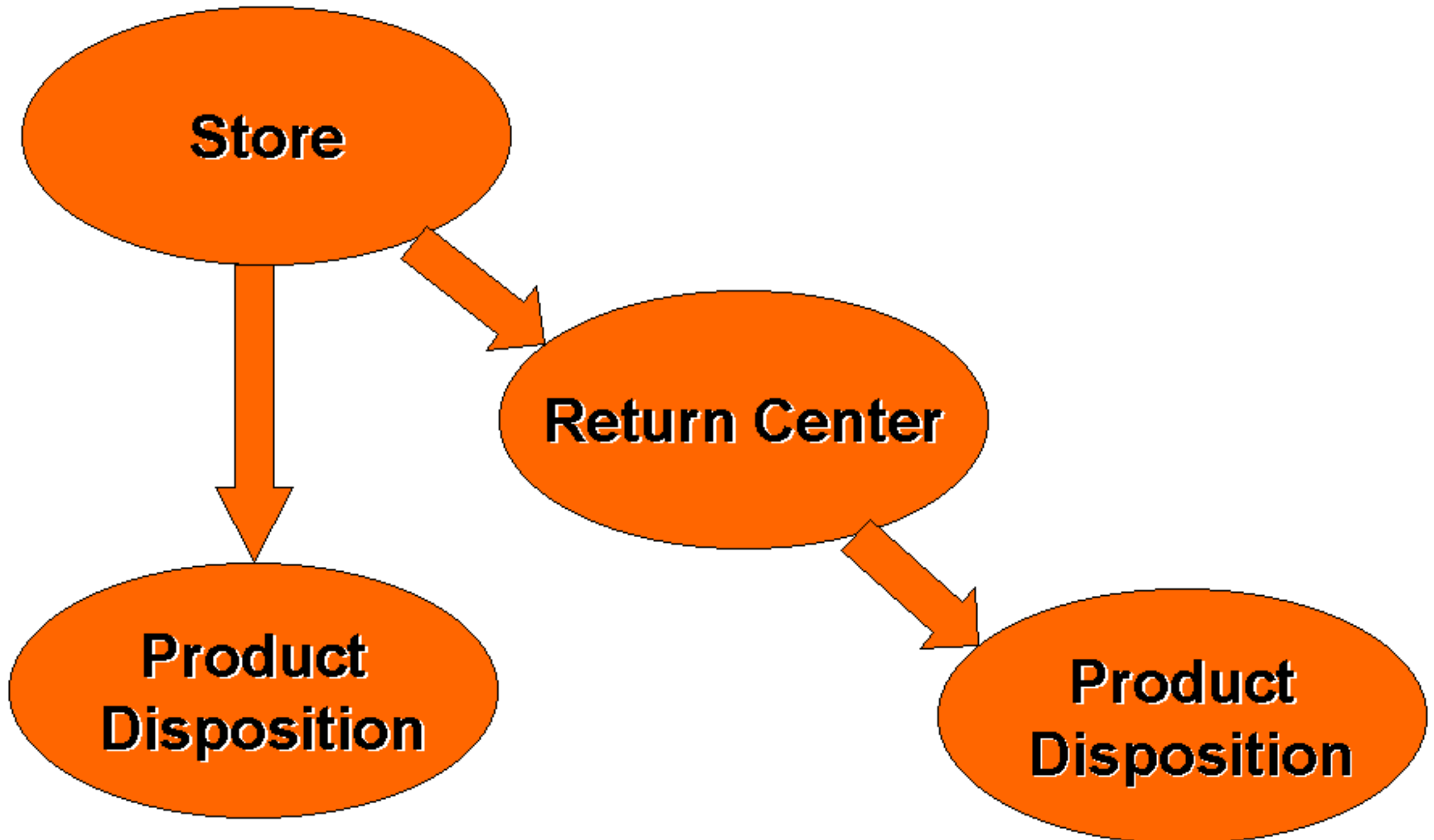


AVERY DENNISON

AMP

REVLON

# Retail Reverse Logistics Flow



# Retail Reverse Logistics Process



STORE



**Simple Process**  
**Improve Cust. Service**  
**Minimise**

RETURN CENTER

**Labour**  
**Returns Space**  
**Landfill**  
**Identification Errors**

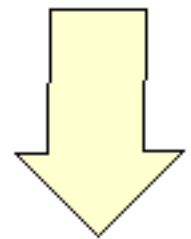
PRODUCT DISPOSITION



# Retail Reverse Logistics Process



STORE



Freight Management

RETURN CENTER



**Reverse Warehouse Process**

**Systems Interact With Accounting System**

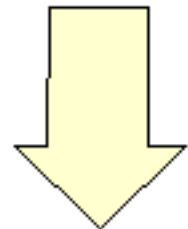
**Consolidation Process**

**Disposition Determination**

PRODUCT DISPOSITION

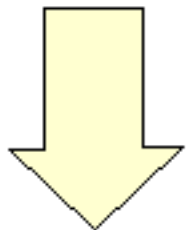
# Retail Reverse Logistics Process

STORE



Freight Management

RETURN CENTER



Freight Management

PRODUCT DISPOSITION

**Return To Stock**  
**Return To Mfg. For Credit**  
**Asset Recovery / Salvage**  
**As-Is**  
**Deface**  
**Refurbished**  
**Donate**  
**Recycle**  
**Destroy**



# Store Benefits / CRC



- ❑ Reduction in Labour Expense
- ❑ Increased Accuracy
- ❑ Improved Customer Service
- ❑ Reduced Landfill Costs
- ❑ Increased Supplier Credits
- ❑ Decreased Shortages
- ❑ Reduced Store Paperwork
- ❑ Reduced Data Entry
- ❑ Use Less Store Space for Returns
- ❑ Increase Salvage Recovery

# Distribution Centre Benefits



- ❑ Increase Valuable Processing Space
- ❑ Decrease Inventory and Carrying Cost
  - ❑ Reduce Cycle Time
  - ❑ Meet Quotas More Quickly
- ❑ More Efficient Use of Transportation
  - ❑ Consolidated Shipments
- ❑ Reduction of Landfill Fees
- ❑ Better Labour Utilisation

# Benefits for Merchants / Buyers



- ❑ Improved Implementation and Management of Return Agreements
- ❑ Financial Return on Non-Saleable and Non-Returnable Product
- ❑ Improved Merchandise Planning and Allocation
- ❑ Improved Merchandise Selection Through Returned Goods Analysis
- ❑ Eliminate Credit Reconciliation
- ❑ Increased Open to Buy Monies

# Supplier Benefits



- ❑ Advanced Shipping Notices
- ❑ Labour Savings
- ❑ Accounting Reconciliation
- ❑ Consolidated Shipments
- ❑ Return Goods Disposition Management
- ❑ Cost Avoidance (Shipping & Landfill)
- ❑ Increased Accuracy
- ❑ Reduced Transit Damage

# Customer Reaction



## Dayton Hudson on “R-Log”

- ❑ **RTV Inventories Reduced by 30% - 50%**
- ❑ **Salvage Reduced 20% - 30%**
- ❑ **Marketing Returns Cycle Time Reduced by 50%**
- ❑ **RTV Error Rate of .50% (vs.. Inbound Rate of 3%)**
- ❑ **Store Labour Hours Decreased by 80%**
- ❑ **Warehouse Labour Reduced 60%**
- ❑ **More Efficient Flow of OTB Dollars**

# Industry Observations

## KPMG on Reverse Logistics Management in Retailing

- ❑ **Can Account For a Savings of .1% to .3% of Total Sales**
- ❑ **Reduce Cost of Returns Management**
- ❑ **Increase Value of Salvage Merchandise**
- ❑ **Reduce Store Labour Hours**
- ❑ **Capture Vital Management Information**
- ❑ **Increase Available DC Space**
- ❑ **Reduce Transportation Expense**
- ❑ **Automate Returns Process**
- ❑ **Eliminate Small Package Shipments**



# Major Keys To Success

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- Senior Management Sponsorship
- Cross Functional Team
  - Supply Chain, Store Group, Buying Group, & Finance
- Technology

# Questions???

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