

AUG 24 2018

# THE IMPORTANCE OF REVERSE LOGISTICS

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The scope of general logistics includes everything from the second a product leaves the manufacturer up until it arrives at the destination endpoint. From arranging various transport types, managing the last mile, warehousing, and more, logistics is a big and important field in our connected world.

Reverse logistics, in particular, are increasingly more and more important — and yet, are often overlooked. Movement of goods back from their final destination to their point of origin can be expensive, cumbersome, and time-consuming; many suppliers and retailers don't have a formal reverse logistics plan.

As the supply chain evolves in complexity, so does reverse logistics — so it's time to start thinking about your own reverse logistics plan.

## **Why do I need to care about reverse logistics?**

A significant number of retailers and suppliers view reverse logistics as individual, disjointed transactions that they don't need a formal plan for. This is a mistake — you can lose up to 7% of all your profits to “return costs” if you're not careful!

There are three broad reverse logistics categories you'll eventually run into when operating any business:

### **Returns**

Customers expect returning their goods to be as smooth as buying them. Whether they've refused delivery, are unsatisfied with their purchase, or require a replacement item, they'll expect you to have a solidified and clear way for them to send you returns. This can place pressure on you if you're not ready with a formal plan.

## Repairs

Whether because of a warranty or a service they've paid for, sometimes customers need goods repaired. Not only will they expect prompt repairs, they're going to expect fast shipping both to and from your location. Not being prepared with a systematic way to speed up all parts of this process will lead to negative consumer experience.

## Recalls

When a product is recalled, the relevant governing body expects the process to happen quickly and efficiently, especially when something like a pharmaceutical product is involved. Without a formal reverse logistics plan, you can end up with more than just disgruntled customers — you could be dealing with legal issues, as well.

## How can I manage reverse logistics?

Reverse logistics are a crucial-but-overlooked aspect of the supply chain. How can you start taking care of your reverse logistics needs without becoming a company specializing in reverse logistics? Simple — by contracting a Standard Operating Procedure (SOP) with a third party.

Some of the services [a third-party reverse logistics provider](#) can offer to make your SOP plan ideal for your needs are:

### Quality inspecting and testing returned products

Inspecting returned products, especially if you're dealing with a bulk of returns, is time consuming. A third-party provider, trained in inspection and experts at efficiency, can take care of the inspections for you and sort them into repairable and resellable categories to save you time and money.

Like quality inspection, product testing can be time consuming. Product testing goes hand-in-hand with a third-party provider inspecting your goods in an SOP plan, and has the same value.

### **Restocking, repackaging, refurbishing, or recycling returned products**

Dealing with returned products, like inspecting them, is time consuming. Luckily, you can contract out everything to do with dealing with returned goods to a reliable third party. Restocking, repackaging, refurbishing, and recycling services done by a skilled third party can and will save you money — don't waste time or resources remanufacturing what they can save and make ready for resale.

### **Destroying returned products**

Unfortunately, not everything returned to you can be salvaged. Whether an item is beyond repair or needs to legally be destroyed, your third-party reverse logistics provider can help. Certain goods need to be destroyed in specific ways according to safety regulations, so entrusting a third-party with the experience and the means will keep you out of any potential trouble.

### **Managing product recalls**

Dealing with product recalls is enough of a hassle without getting into the logistics involved. While you inspect what happened and what your consumers are saying, allow your third-party reverse logistics provider to deal with transporting, storing, and — if needed — destroying the recalled goods.

Maintaining a strong relationship with your third-party reverse logistics provider will allow proper information flow and adherence to quality standards. The better your reverse logistics plan is, the better you look to customers -- many people bestow their customer loyalty to not only the services and goods a business provides, but also their customer service, and returns and repairs policies.

If you're ready to start thinking about contracting a third party for your reverse logistics, [Seldat can help!](#)