CHAPTER 9

The Returns Management Process

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Overview

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Returns management is the supply chain management process by which activities associated with returns, reverse logistics, gatekeeping, and avoidance are managed within the firm and across key members of the supply chain.[1] The correct implementation of this process enables management not only to manage the reverse product flow efficiently, but to identify opportunities to reduce unwanted returns and to control reusable assets such as containers. In this chapter, we describe how the returns management process is implemented. The process is described in terms of its sub-processes and activities, and the interfaces with corporate functions, other supply chain management processes and other firms. Examples of successful implementation are provided.

Introduction

According to the Reverse Logistics Association, the volume of returns annually is estimated at six percent of $3.5 trillion total U.S. annual retail sales. It has been estimated that supply chain costs associated with reverse logistics average 7-10 percent of cost of goods.[2] The magnitude of these numbers demonstrates the need for management to pay attention to the returns management process.

Returns management is a critical supply chain management process that requires planning and effective execution across the firms in the supply chain. Effective implementation of returns management enables executives to identify productivity improvement opportunities. Returns management is a boundary spanning process that requires interaction between members of the supply chain. It encompasses activities such as avoidance and gatekeeping, which are central elements to effective management of the return flow. As part of implementing the process, management needs to measure the financial impact of returns on the firm and on other members of the supply chain.

[1] This chapter is based on Dale S. Rogers, Douglas M. Lambert, Keely L. Croxton and Sebastián J. García-Dastugue, "The Returns Management Process," *The International Journal of Logistics Management*, Vol. 13, No. 2 (2002), pp. 1-18.

[2] Rogers, Dale S., Ron S. Lembke and John Benardino, "Reverse Logistics: A New Core Competency", *Supply Chain Management Review*, May-June (2013), pp. 40-47.