

CASE STUDY 3: Reverse Logistics



THE CLIENT:

The client is a leading provider of IT and communications services to more than 52,000 small businesses throughout the United States. In 2005, the company launched a Mobile program as part of its integrated communication package. In April 2008, the client had contacted CPC to outsource their reverse logistics processes which were performed in-house.

CLIENT CHALLENGE:

The client's in-house reverse logistics program suffered from poor visibility, labor intensive monthly reconciliations, inconsistent device identification, costly process of inspecting returned devices and refurbishment. Refurbishment yields were below industry averages as well as excess inventory and obsolete ones being collected since the mobile business launched. Bottom-line: the manual return process was costly and ineffective.

OUR SOLUTION:

CPC's recommendation was to outsource the reverse logistics to the same company handling the forward logistics process. This change would provide end-to-end device lifecycle visibility by serial number.

After gathering requirements using use case methodology, CPC introduced and designed an industry best practice reverse logistics model. CPC then worked hand in hand with the client and its third party logistics partner's IT department to implement the new outsourced reverse logistics process. CPC also helped negotiate best in class rates, service levels and performance clauses with their service provider. CPC also introduced a liquidation process that cleared space and generated monies on the sale of obsolete items.

CLIENT'S BENEFITS:

- 1) Lower labor cost
- 2) Increased visibility of refurbished devices
- 3) Shorter lifecycle time of return units to resalable devices
- 4) Revenue from liquidating obsolete devices
- 5) Improved yield of refurbished units

An IT and Communication Service Provider

CHALLENGE

The MVNO client required lower reverse logistics costs, gain higher inventory visibility and refurbished yield from returned mobile handset devices

SOLUTION

- Outsource reverse logistics to the existing fulfillment vendor
- Redesign business process and take advantage of XML data interfaces
- Introduce a liquidation process
- Enhance ERP system to become Inventory system of record.

RESULTS

- Lowered Cost
- Improved Inventory reconciliation
- Complete device lifecycle visibility by serial number
- Shortened device life cycle from return to resalable devices
- Improved yield of refurbished units
- Gain on sale of liquidated items



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