



How Strong Returns Management Helps Your Business Flourish

The product return process has long been neglected at companies, written off as a necessary expense that adds no value. The returns function and any process related to it is often given the bare minimum of time and consideration. Typically, once an item is returned, it's thrown into the back of a warehouse and forgotten about while a new product was shipped to the customer.

Have you ever stopped and thought about what can be learned from those returned products - and what value can be reclaimed by them, instead of having them sit in a back room collecting dust? On a basic level, if you're just sending out new products or refunds to consumers without ever looking at the returned products, then you're throwing money away. Many returns are made for no reason other than the consumer decided they didn't want the product or had a duplicate. They might have also indicated something wasn't working as a way to get a refund - but the product could be perfectly fine. This is a fixable problem for most companies - and you might be surprised by what you find when you take a different approach to returns management.

It is critical to understand why a product was returned and what that information may mean for future product development, customer service programs and overall business initiatives. Here is how strong returns management processes can improve your bottom line.

Research & Development

Every return that makes its way back to your warehouse has some information attached to it regarding how it got there and why. By implementing a proper method for analyzing, documenting and processing all of the data associated with each return, you will begin to accumulate a comprehensive database of information that can easily be shared with your R&D team.

Everything from the customer's initial complaint about the product, exactly what components of the product were damaged or malfunctioning, or even the geographical region of where the faulty product was originally sold could prove to be useful in the R&D process.

Once your information database is ready and has been shared with the R&D department, it is up to them to analyze the data, assess it and apply their findings into the manufacturing process. Without regular analysis of the reasons products are returned, you'd have no idea that there was a correctable problem - and by repeating that problem in future product versions, you would run the risk of turning customers off from your products forever.

Say you're a smartphone manufacturer and 60 percent of your returns are related to problems with the volume buttons. This information tells you to go back to the drawing board on your volume button design. Information

such as this can help you keep putting out great products that customers want.

Even if the data is not immediately used for a new version of an old product, it will still prove to be useful for the R&D team as they look into different components of the business – including how they could better manage the returns process as a whole to better fit the needs of the consumer and the business itself. No piece of data should be considered insignificant unless deemed so by the R&D team.

Follow-up Intelligence

The returns management process does not end simply because the new data has been applied by the R&D team into your next endeavor. It's important that the new and improved version of the previously faulty product is tracked as it's sent back into the hands of the consumer. By following up with the consumer, or even maintaining regular contact with retailers carrying the product, you will provide your business with the valuable information needed to help determine if the R&D process did its due diligence in creating the best possible version of the product. Any feedback – good or bad – should be chronicled within the database and applied accordingly. By using that data when developing the product's next iteration, companies can build a more durable product and/or include more up-to-date technology that might prevent returns from occurring and lead to more sales.

Lastly, keeping track of costs associated with replacement parts can prove very helpful when developing follow-up products, in the event that those parts (and associated expenses) get carried over to the next product version.

Repairs, Refurbishment and Resale

For too many years the typical protocol for returns was to simply send out a new product, rather than taking the time to properly inspect the defective item. If your brand is still operating this way, you are missing out on both a potential revenue stream as well as a supply of spare parts.

Even if one or more pieces of your product have failed or broken, it does not mean that the product is valueless to your organization. Instead, you should look at this item as a source of replacement parts for the rest of your operations. Disassembling a product with the intent to mine for useful spare parts can be a low-cost way to source supplies for repair and refurbishment operations.

No-fault-found returns and products that can be repaired can instantly become a new revenue stream for your brand as well. While some brands may shy away from this – thinking that it could hurt their overall brand appearance – those who embrace it can use the new revenue stream to offset the costs of overall after-sales activities.

Better Customer Service

While returns management tends to focus mainly on the product, improper management of your customers during this process can leave them feeling alienated and in turn seek out your competitors. Regardless of who is at fault in the return, or what has happened with the product, ensuring that you have well-trained and compassionate call center staff either in-house or with your supply chain solutions provider can go a long way and help you win back the confidence of your customers.

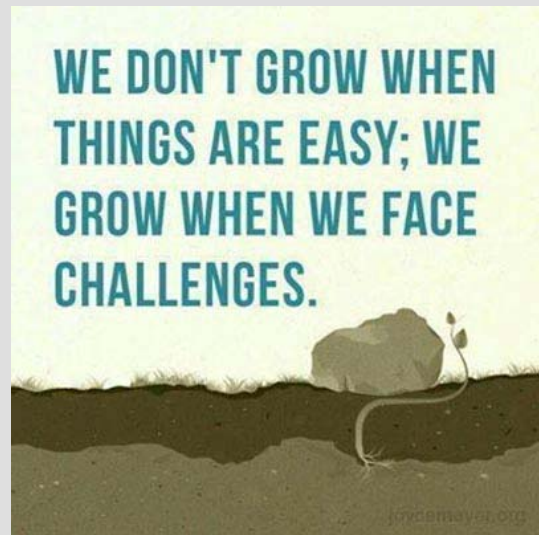
In order to initiate a return or repair, your customer should have to interact with a member of either your in-house or partner-provided customer service team. This conversation can yield a wealth of data, if captured and converted correctly into actionable intelligence. It is important to identify and flag the cause of each return and analyse this data to identify the trends driving your returns, so that you can act accordingly to get ahead of any issues before they snowball.

If the return is customer error, make sure your staff is equipped and ready to train a customer on proper use. If the issue is caused by a supplier defect, make sure you have processes in place to halt production until the faulty pieces can be evaluated and a solution or a new supplier can be found. Same goes for a fault that is caused by improper design. Whatever the cause of the return, the information you collect during the returns process is invaluable to the product's – and ultimately your brand's – success.

The Bottom Line

No single individual can manage all the moving parts required of returns management. Rather, it requires complete company buy-in, and it should be prioritized well before a company's financials are threatened. By proactively prioritizing returns management, companies will be able to thwart their competition by initiating additional sales, minimizing expenses, reducing excess inventory and improving customer satisfaction levels.

Article extracted from <http://www.supplychainbrain.com/content/latest-content/single-article/article/how-strong-returns-management-helps-your-business-flourish/>



Orange Recruiting (Pty) Ltd
Company Registration Number: 2005/041787/07
Tel: +27 11 807 8102 | +27 82 550 0959
www.orangerecruiting.co.za
P O Box 5322, Rivonia, 2128,
357 Rivonia Boulevard, Rivonia