

Reverse Logistics Framework: RMA processing, the Heart of Returns Management

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“To be or not to be” that is the question for RMAs. The “RMA” (a return material authorization or just “RA” return authorizations) is full of uncertainty. Uncertainty as to whether we want to authorize a return, uncertainty whether we will ever receive the unit, uncertainty what kind of condition it will be in, uncertainty whether we will issue a credit, ship a replacement or do a repair. We are not even certain that an RMA is a formal accounting transaction. Managing uncertainty is much of what we do in reverse logistics, but the RMA is the heart of much of what we do in reverse logistics.

The Reverse Logistics Association Software Solutions Committee is developing a Framework for Reverse Logistics and a key section of the framework relates to RMA processing. In the framework, the committee is outlining goals, functions and metrics related to the creation and management of RMAs.

Many of us are aware of how to manage RMAs, but the intention of the Framework is to develop a reference base of knowledge and best practices for you to use as a tool to review your operations and improve your performance, processing, corporate profitability as well as reduce and manage the uncertainty of returns processing.

The committee will be publishing their work, but below are some highlights of some of the goals and metrics to help you with your RMA processing:

Highlights of the Reverse Logistics Framework: RMA Processing Goals:

- * Satisfy the customer

- * Ensure only valid units are authorized for return

- * Capture accurate customer and product data for processing, analysis and future prevention

- * Provide real time visibility to the data for your teams and especially to your customer

- * Avoid receiving exceptions and processing issues that cause delays

- * Complete an RMA transaction as quickly as possible for high customer satisfaction
- * Ensure RMAs get closed and customers have completed their return obligations
- * Minimize cost of creating and processing RMAs (e.g. the use of self-service vs. call center)
- * Integrated systems and automated processing

Highlights of the Reverse Logistics Framework: RMA Processing Metrics:

- * Customer satisfaction surveys
- * Number of RMA units by month, product, customer type, percent of sales
- * Time to process an RMA and RMA aging
- * Inventory levels and turns for awaiting receipt, defective, new finished or refurbished goods
- * Cost to issue and cost to process an RMA
- * Receiving exception or processing issues

Remember the big goals of Reverse Logistics: increase customer satisfaction without forgetting to look after your corporate need to improve profitability and reduce the uncertainty. The list above is meant to get you started in thinking about how the Reverse Logistics Framework can help your operations. At the same time, please forward your RMA processing thoughts or experiences to the committee or better yet, join the committee and devote a few hours to share your wisdom and experiences with returns processing for the good of our members and your fellow Reverse Logistics professionals.

Good luck

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