

TOWARDS A UNIFIED PROCESS FOR REVERSE LOGISTICS

Richard Jones, Chief Marketing Officer for GS1 Australia, talks to *MHD* about the need to come together to address reverse logistics.

For manufacturers – through to wholesale and distribution, retailers, and in fact organisations of all types – reverse logistics has far too often been seen as a one-way street, Richard Jones, Chief Marketing Officer for GS1 Australia, tells *MHD*.

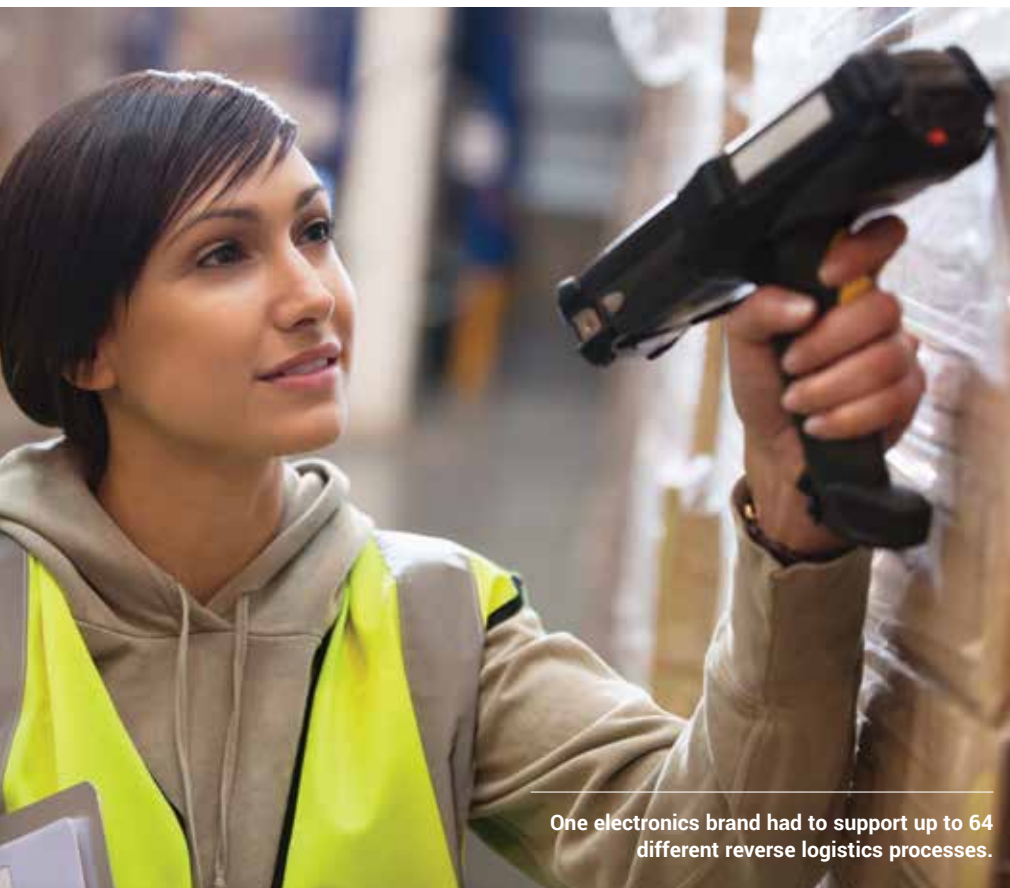
“Manufacturers have put a lot of time into their supply chains for getting goods to market: in one direction from manufacturer to wholesaler to retailer to consumer,” he says. “And there is a lot of effort around that in terms of unique identification of things: in terms

of barcodes, electronic messaging, alignment of master data, and so forth. There has been a lot of investment that has gone into developing standards around that process and streamlining that process. Many of these same standards have also been gradually introduced in sectors such as healthcare to help to streamline one of the most ‘just in time’ and fast-moving supply chains.”

It is time now, says Richard, to put the same effort into seeing logistics as a two-way process, and for the industry to push for a unified



Richard Jones, Chief Marketing Officer for GS1 Australia



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approach to deal with logistics in reverse.

Although the issues of reverse logistics have magnified with the growth of online shopping, and the increased awareness that counterfeit product can enter supply chains via reverse logistics in areas such as pharmaceuticals or luxury products, discussions of how to deal with this challenge are not new. Richard says that about 10 years ago GS1 did work with different areas and sectors across the retail and manufacturing side of the reverse logistics process.

“We created a set of guidelines for industry on how to put together this process in a standard way that all retailers and manufacturers could be confident in and were able to support,” he says. “There were a number of companies that came together and were signatories to this document – but the reality is that not very many of those have implemented it because they’ve had

other priorities.”

He says that the reluctance to implement the standard could be because it's not perceived as a significant cost to retailers, who are satisfied enough with the processes they have in place and don't register the cost to manufacturers. “But it is another cost and another area where potentially things could be streamlined,” Richard says. “It's annoying, if nothing else, to manufacturers if they have to go through these multiple hoops to get the product back into their business.”

Since this initial set of standards was developed, further standards have been developed to address areas such as verification of products re-entering controlled product environments, for example prescription medicines. Given that the original guidelines are now a decade old, and the opportunities across many sectors have only been amplified in recent times, Richard says that GS1 would like to engage in a reassessment with leaders across the sectors. He says they would look at where members report the greatest challenges to make sure there are guidelines that are appropriate for the modern ways of trading and the volume and speed of operations today. “We would like their help in getting new guidelines promoted as well as getting some ownership of the process from stakeholders.”

GS1 is now at the starting point of re-opening this discussion. Richard says that a working group could look at tackling this specific problem. “I think ideally it would be a group that worked across different sectors, because while some retailers may only work in one sector, a lot of retailers – particularly online retailers – are trading across a whole range of different areas,” he says. “So cross-sector buy-in is important. We'd be happy to facilitate that group and get it together. At this stage we are looking for expressions of interest from major stakeholders.”

GS1 Australia is part of a global standards organisation with 115 international offices. Richard says the discussion needed really is global: “Since so many industries and companies now operate without borders, any effective solution needs to be interoperable across borders. That's part of ascertaining industry best practice. Presently, no country that we know of has a universal policy that we could take as a model.”

CHALLENGES IN ACTION

Richard says GS1 has seen first-hand the urgent need for a unified standard on

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Ten years ago GS1 worked on general standards for the reverse logistics process.

reverse logistics.

“Locally, we did some work in consumer electronics where a local brand owner was telling us they had to support up to 64 different reverse logistics processes for the 70 or 80 retailers they traded through,” he says. “That's a significant cost to their business. They were talking to us about trying to streamline that process and to see if it could be adopted by all retailers across the board.”

This is a significant problem for manufacturers, Richard says, particularly for discrepancies between reverse logistics processes used by retailers in returning faulty or customised products to manufacturers.

“There can be different messaging formats, so a number of retailers will require electronic notification to be provided to them, for example product recalls; others want suppliers to fill out proprietary forms; others will require manual paper-based solutions,” he says. “So, there's a lot of different ways in which these things are initiated and then followed through. Peak manufacturers don't want to be fiddling around with paper, but they are sometimes forced to, especially when dealing with second-tier retailers.”

ACHIEVING A GLOBAL STANDARD

While Richard says that theoretically a global standard could probably be



GS1 RECALL

GS1 offers a product called GS1 Recall that can help brand owners with the reverse logistics process. “GS1 Recall is a platform where a brand owner enters all of the information about a product recall or withdrawal into a system and that information is immediately sent out to its trading partners electronically,” Richard says. “It is mainly used in grocery and healthcare.”

“One of the problems we often find with product recalls is that an initial message goes out to trading partners alerting them to look out for this or that batch,” Richard says. “But as they go through the recall process, they will continually find that it’s broader than they initially thought. At first they think it’s only two batches that have been contaminated, then it’s 10 batches and they have to re-issue the recall message all over again. The people at the other end might never be sure if they have the latest advice and information.”

“This is where GS1 Recall is really useful,” Richard says. “Information about the recall is entered into our database, and new messages are sent out whenever new data is entered, it pushes the information to the users and they will always know they have the latest advice.”

formulated within a few months, the end point of this process will more likely be five to 10 years away to full implementation. “The key for us right now is to get organisations interested and involved, because for a lot of them they believe they have a system that works; it’s their system, and they’re not seeing the cost could be eliminated through greater consistency in practices,” he says. “Getting these people together, to collaborate and build a business case – that’s the initial goal.”

The bottom line, Richard says, is about minimising cost and maximising efficiency for manufacturers, as this directly affects consumers at the other end of the supply chain.

“A lot of the reverse logistics process is about ensuring a positive experience for the consumer or buyer,” he says. “If there is confusion between a manufacturer and retailer that can lead to confusion for the consumer as well, in healthcare the consequences could be far greater. So ultimately it is about streamlining the entire process. While our standards apply directly to one

part of the supply chain, ultimately it is the consumer that will benefit from all of this. Whenever we have a product that we want to return as consumers we know that there can be challenges in doing that.”

Richard says that consumers will be familiar with how easy it is to get products, but how time-consuming it can be – particularly when a transaction is international – to get a faulty or customised product replaced.

“The people we buy it from are much quicker at getting the product to us than returning faulty or unwanted goods back to them,” he says. “And they’re loathe to do it because the financial imperatives are there and because the systems just aren’t streamlined to make it easy for them. That’s why we’re opening up this discussion again to try and get this problem fixed, for consumers as much as for manufacturers and retailers.” ■

For more information regarding GS1 reverse logistics or to become part of the GS1 reverse logistics working group visit www.gs1au.org/reverse-logistics.