Philips

PHILIPS
sense and simplicity

Country:
New Zealand

Industry:
Electronics

B2BE Solutions:
RTL

Business Objective

Reduce costs and increase efficiencies associated with aftermarket customer services.

Business Benefits

Increased customer satisfaction, reduced call centre costs, decreases staff training costs, a standardised GRA process and a fast and affordable solution with no associated IT costs.

RTL™ Adds Up to Many Happy Returns For Philips

With B2BE's innovative web-based RTL solution, Philips now has a more effective and cost-efficient method for handling returned goods.

"Product returns cost us hundreds of thousands of dollars each year," says Roger Rowley, operations manager, Philips Consumer Lifestyle, Philips New Zealand Ltd. "And that's just for the logistics, and doesn't include the cost of any subsequent repair and margin loss as a result of scrapping or selling the product as a second. Most of those costs are in labour associated with processing returns and related transport. With numbers like these, reverse logistics, the art and science of aftermarket customer services, has been a major focus for us as we look to reduce costs and increase efficiencies," Rowley adds

"So when B2BE (then called ECN in New Zealand) approached us with the opportunity to implement RTL (Round Trip Logistics) with their innovative web-based goods return authorisation (GRA) business process management tool, we jumped at the chance."

Philips rolled out RTL to more than 100 Noel Leeming and Bond & Bond retail outlets in mid-November and already they are seeing significant improvements.

"Telephone and email GRA requests to our internal call centre have virtually disappeared – and this is when we normally see this as being the busiest time of the year," says Rowley.

"What was once a significant part of our call centre activity has been eliminated as staff at Noel Leeming and Bond & Bond can now obtain on-line authorisation for a return – RTL arranges transport and provides authorisation numbers on the spot – without any intervention on our part," he says.

"And because RTL prompts them for all of the information that is required before they can conclude the GRA transaction, the accuracy of the GRA forms is now approaching 100%."

"Expected savings as a result of implementing RTL would be over $100,000 per year."

Simplifying Return Procedures

Even though Philips has a very well-developed GRA policy, ensuring that everyone involved in the reverse logistics chain followed it to the letter was problematic.

"The policies were all spelled out but keeping all parties trained and up-to-date with the procedures is both time consuming and expensive," explains Rowley. "With the large number of stores and staff, updating paper policy manuals is always a logistical headache."

"With RTL, the system prompts the retail returns clerk for all of the pertinent information and won't allow them to proceed until all fields are filled in correctly.

There is even a drop-down menu with a series of questions designed to trouble shoot common problems that are a result of improper installation or operation," he says.

"This should help reduce 'no fault founds'. With RTL, even a temporary staff member can handle a complex returns operation with minimal training and look like a professional while they do it. Customers are happy as the decision making process is immediate... staff are happy because RTL minimises the time they have to spend on returns activities, which means more time being able to sell! The retailer is happy as it means that any credit due is processed and applied to their account much faster... and we are happy because we are lowering our costs and increasing our efficiencies."

> **"We have had unanimous acceptance from the staff on the front line at Noel Leeming and Bond & Bond stores to using RTL. In fact, it makes their jobs much easier as the customers are usually pleasantly surprised at the professionalism that RTL encourages,"**
>
> Roger Rowley, Operation Manager.

Implementing RTL was "a piece of cake," according to Rowley. "We were able to translate our business rules into RTL quickly and easily. Because our policies were so well documented to begin with, all we had to do was replicate the procedures into a set of easy to understand steps that even a temporary clerk could follow," he says.

"Because RTL is web-based, we can make any changes – such as adding a new product or modifying a particular procedure – from the centralised console and roll them out immediately to all branches. Before RTL, making changes was a long, drawn out process. Now, it is almost instantaneous."
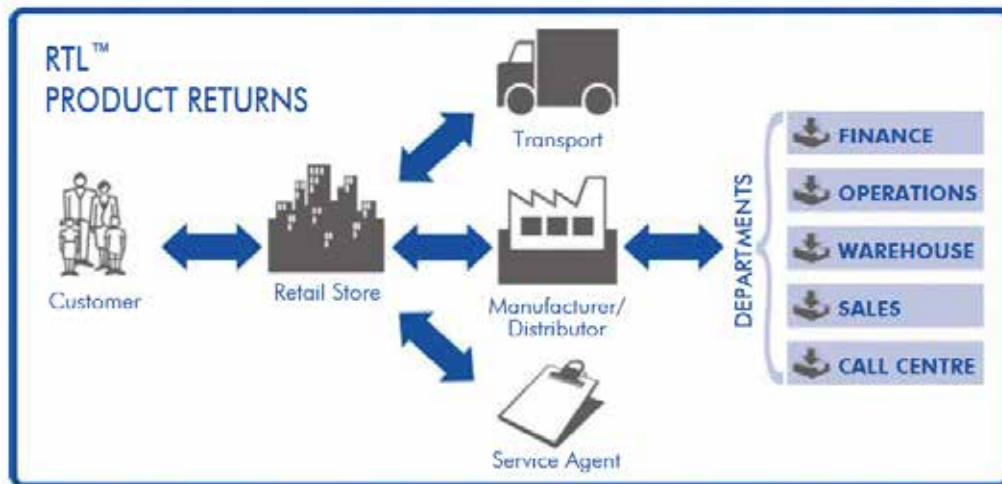
Making the job easier

"Today's retail staff are more tech savvy and so are more at home in front of a screen rather than with a heavy, paper based policy manual that covers multiple suppliers," concludes Rowley.

"We have had unanimous acceptance from the staff on the front line at Noel Leeming and Bond & Bond stores to using RTL. In fact, it makes their jobs much easier as the customers are usually pleasantly surprised at the professionalism that RTL encourages," he says. Critical to this acceptance was getting NLG involved in the design stage to provide their inputs from the retail perspective.

"We've been very impressed with the way RTL has worked for us and strongly believe that RTL will have a great future in the reverse logistics environment."

Returns are a fact of life for retailers. For any business offering a returns policy on products, RTL can start paying for itself in reduced costs almost immediately as has been the case at Philips.

"We've set up RTL so that we can quickly integrate your returns policies and procedures into the system and populate the database with all of your product details," says Haymon Keeler, business development manager, B2BE.

"If different products require different procedures – such as a particular repair depot for selected models – RTL automatically selects the most appropriate action," says Keeler.

"And because we have set it up using standard business process methodologies, we can integrate RTL with your finance or ERP packages."

Minimal investment required

"There is an initial charge for configuration and implementation" says Keeler.

"Then we have a range of pricing plans based on the number of stores you have and the number of returns made via RTL. This way you pay as you go and the savings you make will more than pay for RTL" he says.

Once RTL is up and running, the challenge of training retail staff is covered.

"We have online training that can have even a temporary returns clerk interacting with customers like a pro within just a short time of self-paced instruction," says Keeler.

"And if you want to modify your procedures (such as changing the Warranty period or procedure on a product), you can roll out the changes to the retail outlets nationwide with a single click."

"And because we have set it up using standard business process methodologies, we can integrate RTL with your finance or ERP packages."