

- Returns (RTV) are a major issue for supply chain and inventory management.
- To ensure a successful RTV process, cross-functional teams must coordinate the supply chain effectively.



## BACKGROUND

When a customer or buyer’s inspection department rejects material, it is typically returned to the supplier for repair or replacement. This process is known as “return to vendor” or RTV.

In RTV, quick movement through reverse logistics is highly important to keep trust intact. Otherwise, it spoils the relationship between vendor and seller. Whatever the reason for the return, it is important that the process is managed effectively to avoid delays and disruptions.

## THE SITUATION

Accel Drills Inc\* is an electric drill manufacturer company that employs over 400 people. The RTV process was working in silos, nine department were involved from the initial communication from the customer to the planning for rework or disposition.



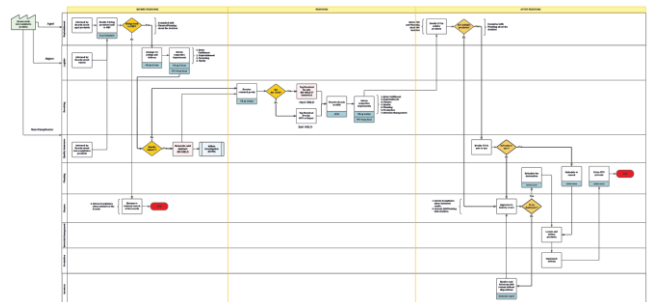
RTV was out of control, lack of proper tagging, and no resolution left the product unattended up to 4 months in the warehouse.

The “On Hold” warehouse area was at 90% capacity with RTV as old as 4 months waiting for a decision. The major decisions were confusing and different directions in the supply chain were needed to coordinate before, during and after the receiving of the returns.

## THE SOLUTION

We developed the project scope, goal and gathered all the relevant information and historical data from the teams. The AS-IS process map was drawn, and the TO-BE map defined the direction to follow. Also, we aligned the teams with a RACI Matrix to define the responsibilities and accountabilities through the lifecycle of the RTV’s.

It was necessary to build a tracking system. We used a plain MS Excel® automated worksheet managed by the receiving coordinator. The team designed an e-form to communicate and recollect the minimum necessary information to process the RTV and comply with the Quality System.



TO-BE Swimlane Process Map to streamline 9 teams involved in the decision-making process.

New definitions were created: RTV and Rejects as these were considered returns for Non-compliance and had to be managed as “On Hold” product. We developed a tagging system to identify the RTV at the inbound receiving step.

## THE SUCCESS



The 9 teams were finally in synchrony to reduce the RTV lead-time by 86%. The “On Hold” product was reduced by 70%.



Recovered 8% of the total FG warehouse capacity.

\* The company's identity has been disguised for the sake of privacy; however, the case study is genuine.