Reverse Logistics

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Reverse logistics refers to a cluster of operations that are put in place to recapture the value of a product once it has been delivered to a customer. It could also include activities that are put in place when a customer wants to return various products to the producer since they do not match the order specifications. However, traditionally, reverse logistics was perceived to be a sum of activities that recapture the salvage value of a product once the end consumer has already finished using the product and no longer needs it. Its history can be traced back to the American Civil War. It was observed to be very difficult to provide soldiers who were intricately in the march with various supplies that they required(Ravi, & Shankar, 2015).

To ensure that they could have all the equipment and needs that they needed, the logistic pattern that was being used needed to be reversed to determine what their needs were at any given or particular time. The same was also observed during the Second World War. After the Second World War, manufacturing companies, especially those in the automobile industry, started to use reverse logistics at a commercial level. The aim here was to recapture the value of used motor vehicles that were no longer needed by the consumers or motorists of the time. In the 1980s, reverse logistics took another turn due to increased quality requirements that were being placed upon manufacturers. Product recalls started to increase, and this meant that companies that were producing products for consumption by the public started to develop reverse logistics since many products were being recalled if it was noted that they did not meet the needed quality and standards.

During the 1990s, reverse logistics had become so popular that close to all manufacturing companies had in place such processes. Such expansion of the industry meant that it was causing significant harm to the environment. With this in mind, there were calls to ensure that all reverse logistics processes complied with environmental protection standards. During the 21st century, reverse logistics has also changed significantly. Many companies now view reverse logistics as a management tool that can be used to attain sustainability within their respective industries (Ravi, & Shankar, 2015). Many managers are now using reverse logistics to pursue various strategic goals of their organizations. The last decade has seen the growth of reverse logistics into an e-commerce service. This has mainly been due to changes in technology, which mean that technology and the internet are core aspects that come into play when one is discussing reverse logistics.

In the reverse logistics umbrella, there are several elements that come into play that would be important to discuss. These are elements that are common across various reverse logistics regardless of the industry. One of the major elements is that there should be a central returns center within the reverse logistics management system. Such a center should be one where all the returns or products that are sent to the producer or manufacturer are collected. The second element that could be included in the umbrella is reverse logistics information systems. Changes in technology mean that reverse logistics is now intertwined with various information systems that are supposed to assess the manner in which different products are returned to the producer from the consumers.

Another element of reverse logistics is gatekeeping. Gatekeeping refers to the management of the flow of products that are received from consumers and those that are released by the producer in the supply chain of the company (Badenhorst, & Nel, 2015). Gatekeeping ensures that a track record is maintained of various products that are received and those that are released to the clients through the reverse logistics system that is in place. Another component of the field is asset recovery. As earlier mentioned, the aim of the field is to recapture the value from assets that have been used by the end consumers. In doing so, a proper asset recovery mechanism must be in place within the organization. Outsourcing is also another major component of reverse logistics umbrella. Outsourcing here refers to hiring other companies to play the function so that the company can concentrate on its core activities. Outsourcing ensures efficiency while at the same time, reducing any form of distraction that can be brought by reverse logistics.

In the next two decades, numerous developments will be observed in the field that could change the manner in which organizations operate or function. One of the big changes that could happen is automation in the form of self-driving trucks or transportation that are used in the industry. Self-driving cars have already been approved, and this means it could only be a matter of time before such a change is adopted by firms in reverse logistics. The next twenty years could also lead to complete automation in the manner in which returns are handled or conducted at the organizational level. Robots could soon be employed in processing returns, and this could increase the efficiency with which items are returned to the producers or manufacturers (Sun, 2017). Such automation could also mean that many jobs could be lost in reverse logistics, and thereby, companies need to be cautious as they approach the adoption of these technologies.

Another change that could happen in reverse logistics in the next coming years is that there could be increased regulation of the industry. Such regulation is not synonymous to reverse logistics. Other industries are also grappling with increased forms of regulation in line with the protection of the environment and enhanced sustainability. Managers could start observing reverse logistics as a strategic tool that could be used to enhance the company’s CSR performance. Ensuring that proper activities are in place that ensures that strategic goals are achieved. These changes could revolutionize the manner in which companies conduct various reverse logistics activities and operations.

References

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