

Automating Returns Variance Processing

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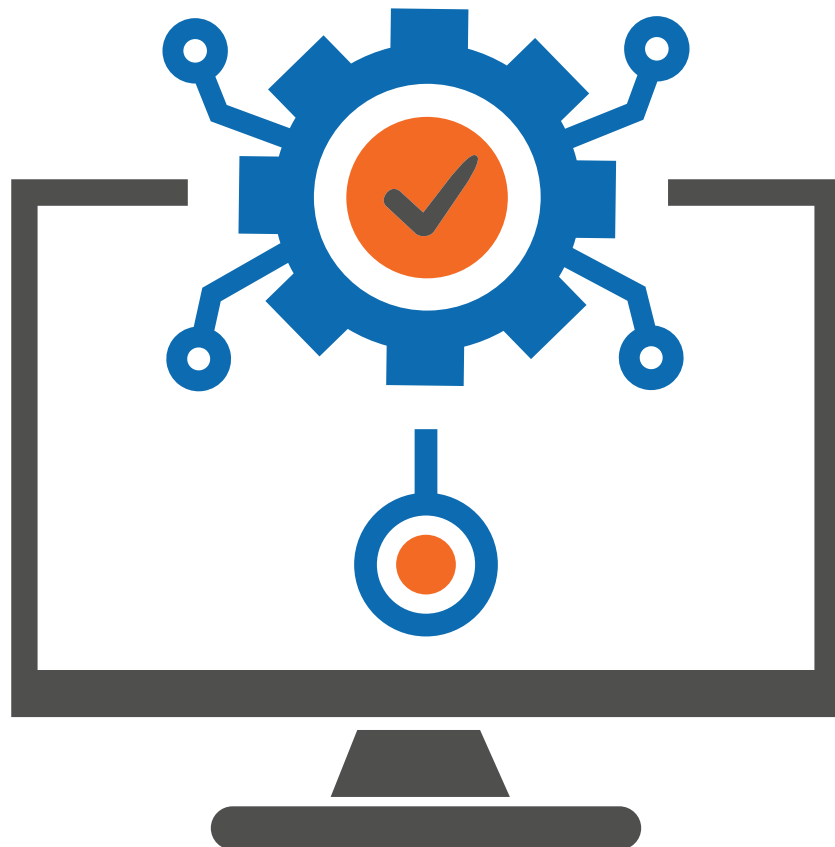
Eliminating the Headaches and Nuances Associated with Retailer Returns

By Rohit Patel

iNymbus helps manufacturers, distributors, and suppliers create solutions designed to increase workplace efficiencies through innovation and robotic process automation (RPA). We help organizations reduce labor costs and automate internal processes.

Retail returns can be a logistical nightmare that wastes human capital and resources. Companies struggle with the returns process due to difficulties associated with organizing and processing vast amounts of information.

iNymbus utilizes RPA and artificial intelligence to eliminate manual returns variance processing. Our solutions allow companies to submit information directly to retailer portals, helping to streamline and automate returns variance analysis. iNymbus is able to expedite business interactions using a combination of robots and AI.



Why are Returns so Challenging?

Suppliers and manufacturers deal directly with retailers on returns and often have large teams to recoup any variances. Distributors operate as a middleman between retailers and manufacturers. Return variances are the responsibility of the distributors who suppliers and manufacturers must act promptly to recover as many losses as possible.

Handling returns can be a logistical nightmare. Retailers don't want to hold onto returnable items for prolonged periods, as a result it is common for retailers to quickly send returns back to the manufacturer, who is left dealing with many potential problems, including:

- Increased warehouse costs from handling and processing returns
- Returns may be missing items or parts
- The wrong products may be shipped
- Incorrect pricing or prices that differs from the original purchases
- Suppliers have to pay for shipping and handling costs

Returns handled incorrectly can result in hundreds of thousands of dollars lost in unreconciled returns variances.

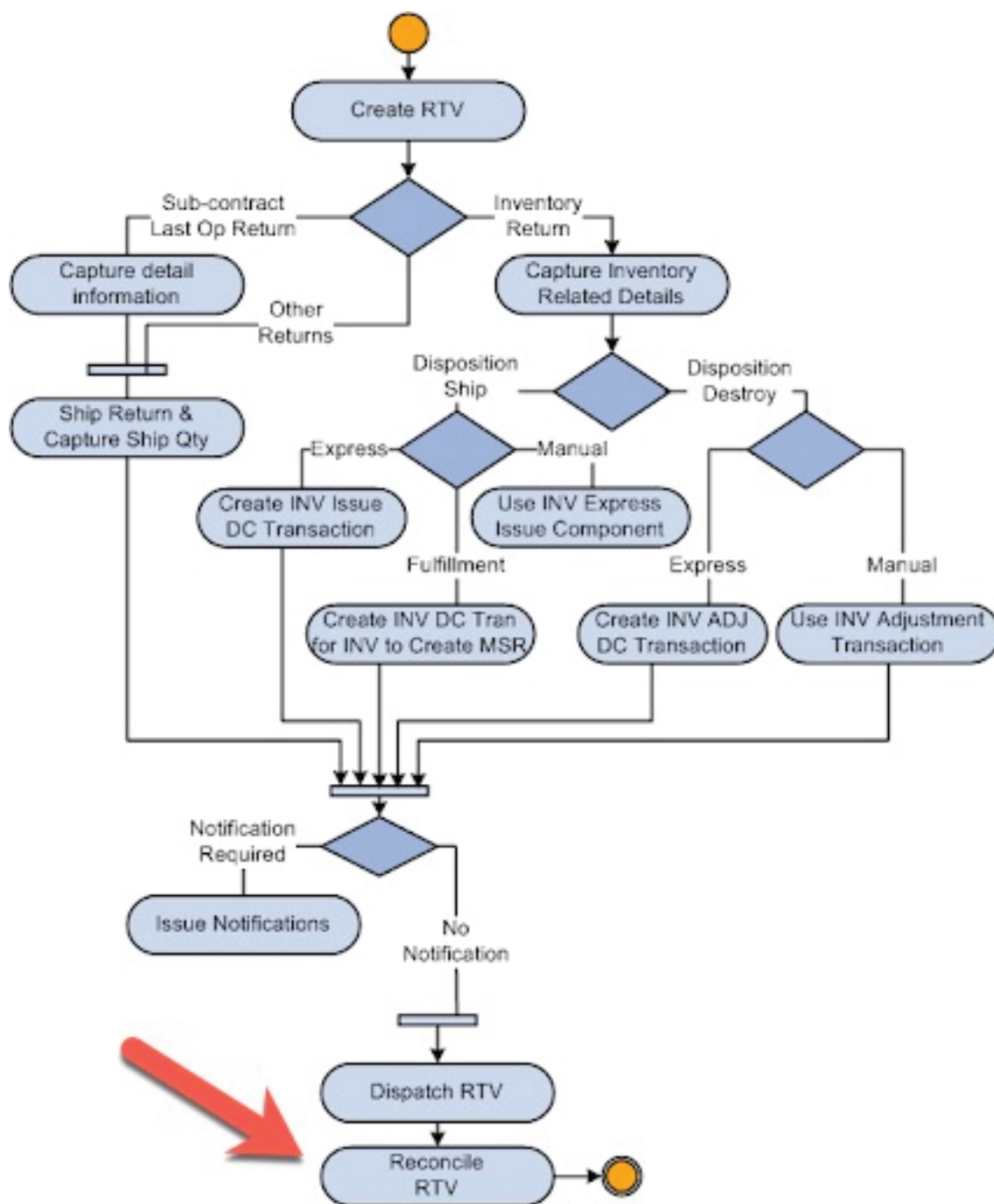
Reverse Logistics

Reverse logistics is the process in which consumer goods are returned to their original point of origin. First, consumers must return unwanted items to retailers. Returns are then sent off to a collection center before being prepared for redistribution to secondary outlets. Depending upon the type of item, products are typically either resold or returned. Monitoring the flow of reverse logistics within your organization is critical to maintaining an efficient supply chain.



While forward logistics are typically concerned with product specifications and packaging requirements, reverse logistics can bring about many other complicated issues. Forward logistics involves moving products in the most efficient and time-sensitive manner possible. Returning products, on the other hand, is a more complex endeavor that requires close coordination amongst all segments of the supply chain.

Suppliers, manufacturers, distributors that wish to maintain competitiveness in the marketplace must be efficient on both ends. As millions of items get returned, many companies do not have the proper resources allocated to manage returns effectively. Inefficiencies in managing returned merchandise can create substantial yearly profit losses.



What is Returns Variance Analysis?

Return variance analysis is a process that involves reconciling differences between RTV (Return to Vendor) and RMA (Return to Merchandise Authorization) documentation. This is accomplished by reviewing the RTV for pertinent information such as quantity, pricing, and other data. Next, these details are reviewed against the supporting RMA information.

Once the return credit is received from the warehouse, the supplier reviews it for any potential discrepancies and lets the retailer know if there are any pricing or quantity variances. This type of research can be time-intensive and require navigating several systems and databases concurrently.

Individuals may need to use ERP or warehouse systems to find specific tracking numbers or pricing data as the product may have been purchased during times of discounts or special promotions. Conflicting information on both ends may complicate the situation, and warehouse systems tend to be imperfect. Many large retailers carry a wide variety of items and returns may be uncategorized, causing additional problems.

Types of Returns Variance

Different retailers utilize specific return processes depending upon the company. Certain organizations may require one-to-one matches on RMAs, while others prefer quarterly returns. Other companies may use random sampling type metrics to periodically audit discrepancies.

The most common types of return processes used include:

- Single RMA (Amazon uses these types of return variances)
- Returns Variance Analysis for a set of RMAs (typically performed quarterly)
- Returns Variance Analysis over a predefined period of time

Dealer	Products	Order Date	Revenue	Cost of Goods Sold	Sales Person	Sales Area
Acme Pizza	Pizza	17-Feb-16	990,282	761,755	John	Brooklyn
Tasty Brothers	Pizza	10-Sep-14	926,674	712,826	John	Brooklyn
The Warehouse Co.	Pizza	21-Nov-15	118,259	90,968	John	Brooklyn
The Pizza and Drink Company	Pizza	20-Dec-15	623,532	479,640	John	Brooklyn
Kin Smith & Co.	Pizza	12-Dec-13	204,411	157,239	John	Harlem
Food Court	Pizza	7-Dec-14	767,529	590,407	John	Harlem
ABC Pizza	Pizza	17-Dec-14	806,034	620,026	John	Harlem
Fake Brothers	Pizza	21-Jul-15	224,717	172,859	John	Harlem
Jim Pizza	Pizza	8-Feb-15	521,496	401,151	John	Harlem
The family Pizza	Pizza	22-Jun-15	725,430	558,023	John	Harlem
49th street Pizza	Pizza	24-Mar-13	703,940	541,492	John	Harlem
Sample Pizza	Pizza	27-Sep-15	995,026	765,405	John	Harlem
Acme Fries	French Fries	6-Jan-14	584,594	449,688	Bill	Central Park
Allied Foods and Fries	French Fries	16-Oct-13	510,175	392,442	Bill	Central Park
Extensive Food and Co.	French Fries	1-Nov-13	40,703	31,310	Bill	Central Park
Galaxy Food Corp.	French Fries	12-Jan-15	780,733	600,564	Bill	Central Park
Mr. Sparkle Food Drinks	French Fries	2-Apr-15	904,301	695,616	Bill	Central Park
Global Corporation	French Fries	13-Sep-15	806,421	620,324	Bill	Central Park
Lexington Group	French Fries	22-Jun-14	132,767	102,128	Bill	West Bridge
Martin Luther Corp.	French Fries	29-Dec-13	847,721	652,093	Bill	West Bridge
Omni Products	French Fries	13-Dec-14	70,127	53,944	Bill	West Bridge
Samba Corporation	French Fries	9-Jul-14	636,144	489,342	Bill	West Bridge
Wayne & John	French Fries	14-Mar-13	423,334	325,642	Bill	West Bridge
Billy the Kid	Tomato Ketchup	7-Jul-13	628,764	483,665	Julie	Greenwich
Greenwich Enterprises	Tomato Ketchup	7-Aug-14	461,242	354,802	Julie	Greenwich
Lakeshore Corp.	Tomato Ketchup	24-Oct-13	953,429	733,407	Julie	Greenwich
Greenwich Ketchup	Tomato Ketchup	7-Aug-15	181,293	139,456	Julie	Greenwich
34th Street Hangout	Tomato Ketchup	1-Jul-13	610,638	469,722	Julie	Greenwich

Datasets of this magnitude may be difficult to organize and process. Often manufacturers and distributors are forced to leave money on the table. Simple return variance mishaps can result in tremendous financial losses in the form of bad debt.

Handling variances of this magnitude can be compounded during the busy holiday season. Distributors struggle with handling the complexity as the middlemen between suppliers and retailers.

A Real-World Example of Retail Return Issues

A true-life case study involved a distributor that was inundated with hundreds of thousands of returns from a variety of retailers. As a very large distributor, the company was experiencing 5,000 returns per month. Managing communication with manufacturers, retailers, and customers proved to be challenging and monotonous as there were thousands of suppliers, hundreds of thousands of products, and hundreds of retailers.

Operating on razor-thin margins and losing hundreds of thousands of dollars in unreconciled returns variances made the systemic issue even more frustrating. To compound the problem, volume tripled during the holiday season, causing excessive return processing delays that sometimes took months to process. The distributor attempted to implement automation and add additional staff, but the amount of capital available for internal investments was limited.

So what happened?

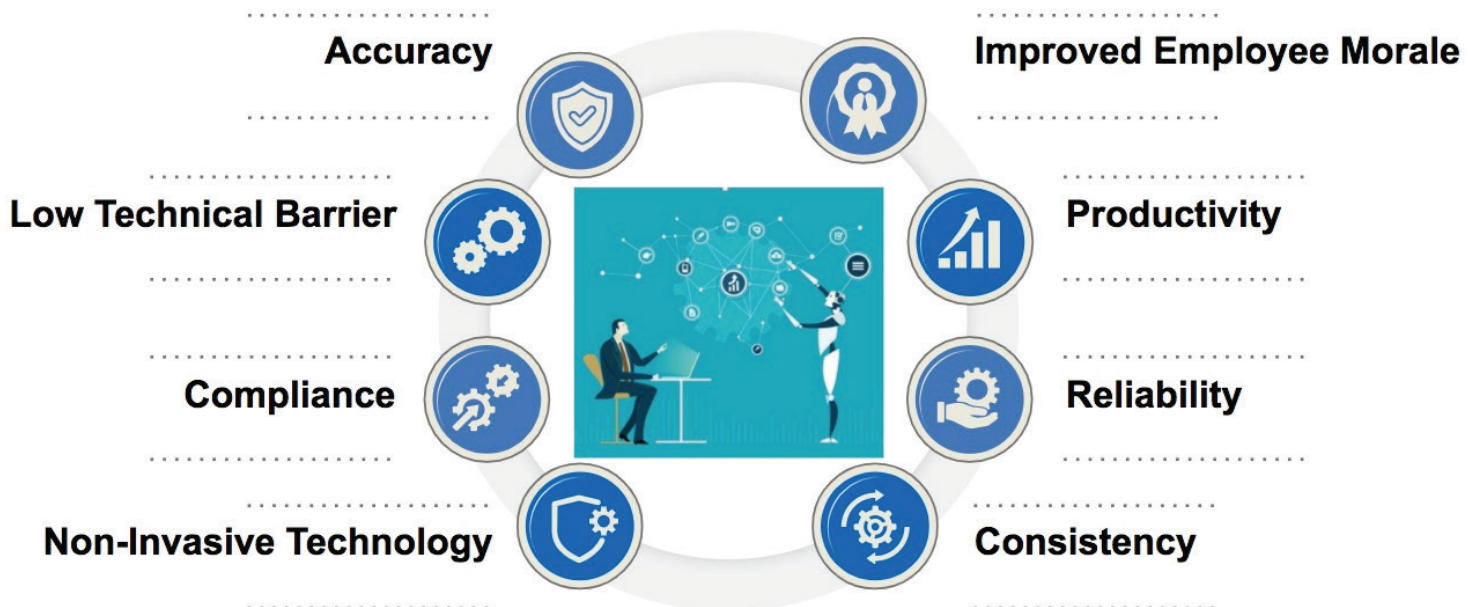
- 5,000 returns/month
- Triple during the holidays
- Months to process returns
- Hundreds of thousands of dollars being lost in unreconciled returns variances

The distributor then approached iNymbus and asked them to implement robotic process automation (RPA), so they could submit returns variance analysis automatically to retailer portals.

How iNymbus Solved their Return Variance Issues

Previously, teams of people were needed to handle return variances. Analysts had to navigate through multiple systems while juggling several other tasks. iNymbus was able to create automated solutions able to streamline the returns process.

Benefits of Robotic Process Automation



Robotic process automation (RPA) helped the distribution company eliminate repetitive manual tasks using AI capabilities. The technology was able to anticipate specific variances, thereby improving return efficiencies. After implementing iNymbus technology, employees were able to place focus on strategic goals instead of minor tedious functions.

The robotic systems automated several different functions, including:

- Retrieving data from ERP systems
- Performing automated validation between systems
- Obtaining and reconciling line level detail from web portals
- Uploading documentation to retailer portals

The result was an increase in the distributor's available workforce. After implementing iNymbus, staff began performing other essential analytical functions as opposed to repetitive manual tasks.

Overall, the robotic process automation capabilities helped to improve employee morale while simultaneously increasing productivity. The newly created robotics technology was able to increase reliability within the workplace as formula errors drastically decreased.

iNymbus helped the distributor process returns more efficiently while staying within compliance windows. The streamlined capabilities will likely increase efficiencies in the future as retailers will be better equipped to handle Black Friday and Cyber Monday sales—times where returns become notoriously high.

At iNymbus, we schedule robotic processing solutions demos and implement cloud services geared towards individual business process needs. When it comes to returns variance processing, our robotic solutions were designed to improve workplace efficiencies while eliminating repetitive manual tasks.

Frequently Asked Questions

Question: What types of savings can I expect after implementing robotics automation?

Answer: While exact savings may vary from business to business, companies experience increases in manpower along with improved workplace flexibility.

Question: How long does it take to get robotics automation processing up and running?

Answer: iNymbus can implement robotics automation techniques within four weeks. We already have existing robotics technology available; it's merely a matter of fine-tuning bots to work with specific processes and systems.

Question: Does the IT department need to be involved with the implementation process?

Answer: Although the process can vary from company to company, efficient IT department involvement is minimal as bots are typically up and running within eight hours or less.

If you would like more information on how our robotic systems are helping companies handle return variance processing, please contact us for more information and support. We'll be sure to provide case studies you can review on returns variance processing issues.

About iNymbus

iNymbus provides a service to resolve retailer and shipper claims automatically, including shortages, chargebacks, pricing, and returns. Additionally, iNymbus supports suppliers, distributors, and manufacturers with return variance analysis reporting and recon (debit and credit matching). iNymbus utilizes cloud robotic process automation and AI in a service cloud which means no software implementation for its customers. To learn more, visit inymbus.com.

