

TrueCommerce Datalliance Returns Automation

TrueCommerce is the most complete way to connect your business across the supply chain – so you can do business in every direction.

More Connected.
More Supported.
More Prepared for
What's Next.



TrueCommerce Datalliance has extended the scope of Vendor Managed Inventory (VMI) to make the process of returns far faster and simpler for both the distributor and manufacturer. This paper outlines how 'excess material' reports have been combined with automated transaction generation to create a complete 'returns automation' solution that significantly speeds the process while reducing both managerial and administrative effort.

VMI GREATLY REDUCES THE NEED FOR RETURNS, HOWEVER...

When a manufacturer and distributor implement VMI, the need for returns is naturally reduced. VMI gives the manufacturer the demand visibility they need to not only replenish what is sold, but also to plan product replacements, improve product mix, and re-distribute stock among locations as needed. All of these capabilities serve to reduce the need for returns.

But the need for a certain level of returns activity usually remains. Demand patterns change, new technology may obsolete a product faster than expected, end customers return inventory at the end of a project. Things happen.

So, like it or not, returns must still be handled on a periodic basis. The question is how to make the returns-handling process as fast, easy and policy-compliant as possible for both the distributor and supplier.

THE CHALLENGE

The process of handling returns can be time-consuming for both parties – especially when multiple branch locations are considered.

Returns identification and authorization usually involve sales and finance managers on the manufacturer's side, purchasing managers on the distributor's side, and administrative personnel on both sides. Items with excess inventory must be identified; possible returns need to be evaluated against mutually agreed return policies; specific items and quantities need to be approved by both

the manufacturer and distributor; and transactions need to be entered into both partners' business systems to execute the RMAs and trigger shipments.

None of this activity is creating any value for either party – in fact it's getting in the way of more important things for both parties.

Now TrueCommerce significantly reduces both the time and effort required to handle returns by automating just about every step of the returns process.

HOW TRUECOMMERCE DATALLIANCE VMI STREAMLINES THE RETURNS PROCESS

Because TrueCommerce is continually evaluating distributor inventory against demand, it recognizes excess inventory in much the same way as it recognizes the need for replenishment. TrueCommerce fully leverages this ability and provides the added capabilities needed to streamline the returns process from what can sometimes take many days of effort and a month or more of elapsed time to a matter of minutes.

EXISTING CAPABILITIES

TrueCommerce has, for some time, produced excess materials reports that identify the following:

- **Suggested returns**
- **Suggested re-distribution** (excess at one branch that should be used to fill replenishment needs at other branches)
- **Excess not returnable** (rejected based on mutually agreed policies; specific reasons are indicated by item)



These reports are used by manufacturer and distributor personnel to collaboratively manage excess materials. They can be shared with the distributor online, or can be sent to the distributor after internal review by the manufacturer. Mutually agreed adjustments can be made for final dispositioning.

The 'suggested returns' report is produced using the same data used for VMI. Excess inventory is evaluated against needs in other locations to identify suggested transfers. Remaining excess is evaluated against return policies to identify suggested returns and rejects.

The process can be run as needed, and can cover any location, group of locations (e.g. region), or all locations for a given distributor.

Once returns are approved, the manufacturer's VMI Analyst uses the TrueCommerce Datalliance Returns Workbench to launch the actual returns much as they use the TrueCommerce Datalliance Order Workbench to launch replenishment orders.

NEW CAPABILITIES

Now, with recent enhancements, TrueCommerce Datalliance takes the returns handling process one important step further. When returns are launched, TrueCommerce Datalliance can generate the electronic transactions needed to process those returns through the manufacturer's and distributor's respective business systems.

Transactions can be formatted as EDI or flat file transactions – typically EDI 850 (negative PO) or EDI 180 (RMA) to the manufacturer, or EDI 855 (acknowledgement) to the distributor.

Automated transaction generation completely eliminates the need for either the manufacturer or the distributor to manually enter return transactions into their business systems. For both, this automation:

- ▶ Saves hours of administrative time
- ▶ Eliminates the potential for keying errors

The reduction in time, effort, and associated cost is significant for even a single location, but is greatly multiplied when many locations are involved.

THE REAL VALUE

With the complete TrueCommerce returns process in place, manufacturers and distributors can automate virtually the entire returns process.

The administrative time saved through automatic transaction generation is substantial in itself. But the real value afforded to both parties is the time freed up for busy sales, finance, inventory and purchasing professionals. Because the automated process is transparent and policy-compliant, both parties can minimize or even eliminate the need for manual reviews and approvals. Allowing that time – usually a scarce resource – to be focused on more value-added activities can yield big dividends.

Another important advantage for the distributor is the fact that returns happen more quickly. By taking weeks out of the review, approval, and execution process, excess inventory is taken out of inventory much sooner, along with all associated carrying costs. Over the course of a year, that savings is even more significant than the administrative savings.

THE BIG PICTURE

Returns automation is a valuable extension to the VMI process. By its very nature, VMI dramatically reduces the need for returns by continually aligning distributor inventory with end customer demand. But since the world is never totally predictable, TrueCommerce makes handling even what need remains far faster and easier. Automated returns handling takes yet another bite out of the cost of delivering superior customer service while at the same time giving manufacturers and distributors more time to do what's ultimately most important to both parties – mutually build increased sales.

HUBBELL ELECTRICAL SYSTEMS – AN AUTOMATED RETURNS PROCESSING SUCCESS STORY

Hubbell Electrical Systems has used TrueCommerce platform to support their industry-leading VMI program for years. Among the many benefits of their VMI program, Hubbell's return rates are significantly lower for VMI distributors

“The results have been every bit as good as anticipated. In just one example, we reduced what previously took as much as a month for a larger partner to literally less than an hour.”

John Riley,

Hubbell Electrical Systems
Director of eCommerce

**MORE
TURNS,
FEWER
RETURNS**

than for non-VMI distributors. And Hubbell has taken advantage of the TrueCommerce suggested returns capabilities for some time as well.

But John Riley, Hubbell Electrical Systems Director of eCommerce, recognized that the returns review and approval process was still taking valuable time away from core sales activities, and that there was still significant administrative effort required to process approved returns.

"We sometimes ask ourselves: 'How can we find more ways to remove cost – even after we think we've done everything we can?'," says Riley. "We found a real opportunity to do that by further streamlining the returns process."

Hubbell worked closely with TrueCommerce to help define the automated returns processing recently added to the TrueCommerce Datalliance VMI. Within less than six months, Hubbell has already implemented the automated transaction generation capabilities as part of an enhanced overall returns management process with two-thirds of the company's VMI partners. All VMI partners should be up on the process within a few months.

The results have been every bit as good as anticipated. "In just one example, we reduced what previously took as much as a month for a larger partner to literally less than an hour," says Riley.

Distributors love the new capability. Hubbell uses TrueCommerce to proactively suggest returns and re-distributions to the distributor, provides

all of the information related to mutually agreed policies, and generates all of the required return authorization transactions for processing in the distributor's business system. It's as easy as that. One distributor commented: "Wow – this is truly a value-add for us as your VMI partner. We have increased our focus on inventory turns and this is another tool that enables us to achieve that. It's a real time-saver, too."

The benefits are also significant for Hubbell. Many man-hours are being saved every month by the automatic generation of transactions into Hubbell's business system. More importantly, Hubbell sales and finance executives are spending a lot less time on returns. Using well-defined protocols and filters, the great majority of returns are automatically approved by the system and never require review.

The combined benefits are substantial:

- ▶ **Distributors** are getting faster returns with less time on the part of purchasing
- ▶ **Hubbell** is getting more time to spend on sales activities and even stronger distributor relationships
- ▶ **BOTH** are getting a healthy reduction in required management time as well as administrative effort

Riley summarizes, saying: "Automating practically the entire returns process expands VMI's footprint significantly. We see it as a game-changer in the electrical industry and I'm sure it will be in other industries as well."



ABOUT TRUECOMMERCE

TrueCommerce is the most complete way to integrate your business across the supply chain, integrating everything from EDI to inventory management, to fulfillment, to digital storefronts and marketplaces, to your business system and to whatever comes next. That's why thousands of companies across various industries rely on us.

TrueCommerce.
Do business in every direction.

THE TRUECOMMERCE DATALLIANCE TEAM IS HERE TO HELP!

If you have any questions regarding TrueCommerce Datalliance and VMI, or how it applies to your business, our passionate, focused team is here for you.

Call us today at **513.791.7272**

www.datalliance.com



TrueCommerce™ | Do business in every direction

©Copyright 2019 True Commerce, Inc. All rights reserved. Reproduction in whole or in part without permission is prohibited, and information contained herein is subject to change without notice. TrueCommerce® is a registered trademark of True Commerce, Inc. All other trademarks are property of their respective owners.