

Reverse Logistics

Introduction

Reverse logistics was traditionally defined as the process of moving a product from its point of consumption to the point of origin to recapture value or ensure proper disposal. It is one of the fastest developing fields of business logistics, with the result that it is continuously changing in scope and significance. Reverse logistics includes activities to avoid returns, to reduce materials in the forward system so that fewer materials flow back, and to ensure the possible reuse and recycling of materials.

It is important to ensure that aid projects are handled in a responsible manner and that they do not end up causing long term damage to the very people and nations that they are intended to assist.

Thinking in advance about long term effects of the aid that a humanitarian organization is providing can save on money, time, operational challenges and long term environmental and other damage to developing nations.

Considerations in reverse logistics ensure that aid is administered in such a way that it does not cause harm.

Definition

“The process of planning, implementing, and controlling the efficient, cost effective flow of raw materials, in-process inventory, finished goods (in the humanitarian context) and related information from the point of customer receipt to the point of origin to recapture value or appropriate disposal.”

“Reverse logistics is the management of all the activities involved in the flow of goods, demand information and money in the opposite direction of the primary logistics flow, a reduction in the generation of waste, and the management of the collection, transport, disposal, and recycling of hazardous as well as non-hazardous waste in a way that maximizes the long term profitability of the business.”

Reverse logistics is environmental friendly.

Types of Reverse Logistics

What does it entail?

- Movement of capital items and equipment to the next emergency response.
- Removal of containers and packaging from response area.
- Destruction of spoilt food commodities and out of date pharmaceuticals.
- Return of rejected goods to the suppliers.

- Movement of excess or over-supplied goods to other programs or donating to other organizations.

Aspects of Reverse Logistics

Packaging

How can Packaging make a difference? Where possible, packaging materials could serve dual purposes as in the case of large bladders, wooden pallets, cooking drums, fuel drums, etc. See examples below:

Pillows/bladders

As goods are mobilized through various modes of transport in response to emergencies, the bracing in ship and rail containers can be done with “pillows” which are basically large bladders filled with air.

- The bracings can then be further used at distribution sites for water storage (or fuel storage if they are correctly lined).
- These “pillows” filled with air also weigh less than traditional wood bracing and thus lower the weight of the shipment and the cost.
- Environmentally the lower weight means that less over all fuel is used which is good for the environment.

Wooden pallets vs. plastic pallets

- Wooden pallets, though less expensive, may contain pests which can devastate indigenous agricultural industries.
- Developed countries are therefore required to treat wooden pallets with chemicals making the burning of these for firewood toxic and less environmental friendly.
- Many countries have now restricted the clearance for wooden pallets from many areas to combat the pest issue.
- Plastic pallets can be reused as the local population will not be tempted to burn them for firewood and inadvertently poison themselves.

Cooking oil drums and fuel drums

- These can usually be converted into barbecues or water storage containers on site thus are recycled.
- Agencies that plan for this will look more efficient.

Plan to Back Ship

- Most of the goods in the humanitarian world are consumable and thus are on a one-way trip.
- Packaging may be able to be disposed, recycled or reused in the capital city while it may not be possible in remote field locations.
- Return shipping will not be expensive, as trucks and aircraft have to return empty anyway. But to capitalize on such opportunities the program is required to plan in advance so as not to cause unnecessary delays to transporters.

Reverse Logistics in the Humanitarian Sector

Reverse logistics occurs when there is:

- downscaling of activities:
 - program closure - goods are moved to different programs or disposed,
 - evacuation due to insecurity - may result in the suspension of deliveries of goods that have already been purchased and are returned to the supplier or used in other programs;
- closure of programs or handover of emergency response programs;
- product recalls (goods re-called by the manufacturer);
- rejected goods returned to the vendor:
 - wrong orders,
 - wrong deliveries,
 - deliveries delayed and goods no longer useful to the program,
 - damaged goods,
 - goods on warranty or going for repair;
- Back-trucking of packaging materials for re-use or disposal.

In all instances listed above, there are cost implications that should be taken into consideration during the budgeting period.