CHAPTER 2: LMD Logistics Operations and Impacts

UNIT 5: Environmental and Social Impact of LMD Logistics

Capsule 2.5.3

Reverse logistics operations and models

To be done prior to this capsule:	1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.6, 1.2.7, 1.2.8, 1.3.1, 1.3.5

Capsule linked with:	Link to the topics of capsules 2.5.1, 2.5.2, 2.5.4 and 2.5.5.

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Objectives of the Capsule

This capsule aims to introduce the topic of reverse logistics through the review of two documents:
1) A Guide to Reverse Logistics: How It Works, Types and Strategies
2) A report explaining how value can be captured through reverse logistics in the context of circular economy

Category	Document, source	EQF		
		4	5	6
			X	X

Exercises included	YES

Effort for the capsule	Content 10 Min.	Exercises 10 Min.	Extra material 40 Min.

Contents

1. A Guide to Reverse Logistics: How It Works, Types and Strategies

2. An introduction to the reverse logistics maturity model

Instructions for the document, source revision

Last mile distribution refers not only to the delivery of goods but also to the **return of products** that make their way back to the warehouse or the manufacturer. These processes of returns or recycling require reverse logistics. **Reverse logistics** is a type of supply chain management that moves goods from customers back to the sellers or manufacturers.

By reviewing the documental sources of this capsule, the learner will be able to:

- List the main types of reverse logistics
- Acknowledge the challenges of reverse logistics
- Identify the main strategies to be carried out to overcome these challenges
- Understand the importance of reverse logistics in a Circular Economy
- Comprehend some reverse logistics requirements and implications, and key success factors

1. A Guide to Reverse Logistics

This article explains what **reverse logistics** is, what are the **types**, the **process** involved, **steps**, **benefits**, **challenges** and how to use reverse logistics to **create value**.

The **topics** of the document include:
- Reverse logistics explained step by step
- Six strategies to optimize reverse logistics
- Reverse logistics and the supply chain

Source (website in EN): ORACLE NETSUITE. (2021). *A Guide to Reverse Logistics: How It Works, Types and Strategies*: https://www.netsuite.com/portal/resource/articles/human-resources/reverse-logistics.shtml

Source (video in EN): *Watch a summary video* https://youtu.be/tfSxGyofADM

2. An introduction to the reverse logistics maturity model

This document by the Circular Economy 100 programme (in collaboration with Deutsche Post DHL Group and Cranfield University) presents a Reverse Logistics Maturity Model providing a **roadmap for meeting the challenges of reverse logistics and devising effective return management programs**. The model makes a valuable contribution towards mainstreaming the circular economy because **reverse logistics is a key step in capturing the value of end-of-life goods and facilitating the reuse and recycle pillars of the circular model**.

Source (pdf in EN): Circular Economy 100 programme (Ellen MacArthur Foundation initiative). (2016). *Waste not, want not. Capturing the value of the circular economy through reverse logistics. An introduction to the reverse logistics maturity model:* https://www.dpdhl.com/content/dam/dpdhl/en/media-center/media-relations/documents/2018/circular-econom reverse-logistics-maturity-model-042016.pdf

Exercise

Think about the last product you returned and ask yourself the following questions:

a) How was this return managed?
b) What type of reverse logistics do you think was used?
c) Think about the package and the route you think it traveled back to the manufacturer or seller.
d) Do you think value was created in the process?
e) How do you think the process could have been optimised?
f) What do you think happened to the product once the seller received it?