
Creative Labs Give Credit Where Credit Is Due

Creative Labs America

Creative Labs America is a subsidiary of Creative Technology Ltd. founded in Singapore in 1981. Creative Technology Ltd. started with the vision that multimedia would revolutionize the way people interact with their PCs. Famous for its Sound Blaster sound cards and for launching the multimedia revolution, Creative is now driving digital entertainment with cutting-edge audio solutions, high performance earphone products and portable media devices.

Applying the Same Level of Control for Back-end

Creative sells through various outlets including major retail stores, such as, Fry's Electronics, Walmart, Target, Best Buy, to name a few. One of the key operations for such business model is the RGA (Return Goods Authorization) or RMA (Return Material Authorization) process where distribution channel returns merchandises to Creative for various reasons, including stock rotation and customer returns.

Initially Creative Labs implemented a combination of manual system and a home grown Microsoft Access based solution. The system couldn't keep up as the business grew and since the existing system was on Microsoft Access database and standalone (not shared by any other systems), resulting in serious limitations and unreliable data. Especially when issuing credits for returned merchandises, it is paramount to be accurate. Over issuing of credits hurts your bottom line and under issuing of credits caused customer satisfaction issues.

In an attempt to instill control and improve the process, Credit Manager initiated a business case to apply the same level of

“With Returngoods, we experienced a return on our investment several times over within the first six months. Our product is sold in the form of a kit. If any items are missing when it is returned, we don't need to pay out a credit on the missing items, thus increasing our revenue.”

--- Credit Manager

We do a great job with our raw materials inventory, however, returned materials are also considered inventory and need to be accounted for. It is still a weak area for most companies.

Diana Hardick (Director of Operations)

control for back-end receiving of RMAs as the company does for the front-end raw material receipts. By receiving the goods and issuing the credits, the company must now manage and account for these inventories. Finance team initiated the project but overall, it was a business decision supported by several groups, including Operations, Customer Service, Engineering, Quality, and Information Technology.

The critical factors for a successful implementation are defined as:

- Visibility of the pallets when arrived at the receiving dock
- Receiving must handle high volume and orderly
- Operator must be able to record the condition
- Operator must be able to record the disposition
- Track discrepancies
- Expected quantity to actual receipt quantity
- Missing components
- Record test results
- Record rework and recertification activities
- Real time inventory visibility
- Real time credit exposure
- Integrate with ERP system

Results

After evaluating four different packages, Returngoods solution was selected based on the complete reverse supply chain features, flexibility, configurability, and demonstrated the software ability to meet the critical requirements.

Returngoods solution provided Creative Labs with a wealth of KPI (Keyed Performance Indicator) information that benefited various groups:

- Operation
 - streamlined and gain control of the process
 - Warehouse and receiving dock space are efficiently utilized
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RMA process is not easy to manage. Returngoods is a tool that really helps control the process.

--- Amy Lin (Director of IT)

- Visibility of the returned inventory
- Packaging analysis (learned effectiveness and other information about packaging)
- Engineering and Quality Assurance
- Product and component failure analysis
- Information Technology
- An enterprise level packaged software with support
- An integrated solution to ERP system
- Finance
- Give credit where credit is due. Only issued credits for the actual received goods with creditable conditions.
- Credit exposure at any time
- Protect the company's bottom line