



Paying for chargebacks isn't fair when you've done your job right—*make sure you have the pictures to prove it.*

# Chargeback Management

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A WHITE PAPER

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# Executive Summary



## Chargebacks and the major retailers

**Retailers like Target and Walmart continue to increase chargeback fines, leaving Shippers exposed, and some retailers count these fines as up to 13% of their account revenue.**

Manufacturers and Wholesalers distribute their products to their customers who in turn sell them to end consumers. Manufacturers and Wholesalers (will address them as Shippers in this document moving forward) invoice their customers at rates that were agreed previously. In many cases, however, the customer pays less than the invoiced amount, stating some reason for withholding part of the invoice. One of the reasons for such a withhold is Chargebacks.

Chargebacks are fines that Retailers impose on Shippers because the customers, mostly Retailers, are doing extra work to process the Shipper's product through the customer's Supply Chain. The numbers are overwhelming. They drain time and resources from Order fulfillment, Sales, Credit, Collections, Accounts Receivables, Customer Service and Distribution personnel as they need to research and resolve chargebacks. Overall, a sizable percentage of lost profits can be attributed to chargebacks.

The chargeback problem is most pervasive amongst the Shippers that ship to Retailers both online and offline. It exists for many numbers of reasons. At any point throughout the order fulfillment process, anything that goes wrong can cause a chargeback. The problem is as widespread across industries as it is within a company. The ramifications go beyond the obvious costs incurred. Time and resources spent on settling chargebacks could otherwise be spent on more Order Fulfillment activities. Certain chargebacks may innately reflect some form of breakdown in your customer relationships and disputes engender resentment and eventually disrupt relationships. And for as long as an invalid chargeback stays unresolved, the Shipper is, in effect, providing a zero-interest loan to the customer. Managing such risks imposed by chargebacks will be especially essential during a downturn in the economy. All these are opportunity costs that lower a Shipper's profitability. Effective chargeback management is an attainable objective. With management buy-in, the right processes, the right people and the right tools, a Shipper can take control of chargebacks through the entire life cycle. Their top-line and bottom line objectives will benefit from cutting research time, freeing tied-up cash flows, collecting invalid chargebacks and reducing receivable write-offs.

# Introduction



This paper discusses the chargeback problem and ways it can be mitigated, in a thorough manner.

As a first step towards the goal of chargeback management, a Shipper company must recognize that this is indeed a problem and needs executive buy-in and commitment to solve it.

Since chargebacks can happen due to many factors contributed by various departments, and since the Shipper as a whole may lack a well-defined process and systematic approach to account for them, management may not necessarily recognize the magnitude of the problem. It is necessary to first alert management to the extent of the problem. Then the next step is to get processes, people and tools aligned with a primary mission to minimize the chargebacks outright.

# The problem with chargebacks



## The big picture

The history of chargebacks is a bit murky, but vendor compliance can be traced to the 1970s and the continued rise of the mass retail channel — Walmart, Target, Best Buy, Macy's and other big box chains.

### Did you know...

**In Walmart's U.S. operations alone, merchandise from 60,000 Shippers flows through 130 DCs to 4,400 stores. It's easy to see how non-compliant shipments could cripple efficiency.**

This section will look at the history of the problem, its current status and the reasons that it has continued over the years and will be here to stay.

The big box chains recognized that their success depended on pushing huge volumes of inventory through their supply chain with maximum efficiency. So, they invested in automated warehouses and sophisticated systems that allowed product to flow through with minimal human intervention. When a non-compliant shipment comes in, let's say boxes with labels that cannot be automatically scanned by an overhead bar code reader, it becomes an exception that requires manual intervention, which results in additional processing cost. Chargebacks became the retailers' answer to controlling these exceptions and keeping their supply chain machines running smoothly.

**A chargeback can be as much as 15%–20% of an invoice.**

**With some invoices easily totaling hundreds of thousands of dollars, vendors can get hit with chargebacks of \$20,000 or more at a time.**

Compliance requirements for each retailer are different and are spelled out in lengthy documents called routing guides, a set of procedures for Shippers on how goods are to be prepared and shipped. When these procedures are not followed, retailers issue a chargeback to cover the cost of the inefficiency created by the out-of-compliance shipment. These chargebacks are not payments requested by retailers — they are automatically deducted from the Shipper's invoice.<sup>1</sup>

One reason this problem has been sustained over the years is the increasing market power of the retail distribution channels, the so-called “category killers” such as Walmart, Target, Home Depot, etc. This growth in market power is attributable in part to massive consolidation.

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*Consider the concentration of market shares of the top 5 retail companies in various sectors today — 30% for supermarkets, 60% for department stores, 67% for discount stores, 54% for toy stores.*

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But size aside, the substitutability of Shippers' products and retailers' ownership of consumer data have also strengthened the market power of retailers.

The problem is here to stay. In a downturn economy, retailers operate in an increasingly competitive market. They will press Shippers even harder for pricing advantages, and at the same time will take a more aggressive approach in issuing chargebacks. Both practices, once started, may not be reverted even after the economy improves. Whereas in an upturn economy, on the other hand, the costs that chargebacks impose on a Shipper are masked. As a result, Shippers often neglect to implement processes to deal with the problem and chargebacks remain un-resolved indefinitely. To summarize: the chargeback problem has been around for a long time, it persists today, and it is likely to become more serious in the future if not dealt with.

1. Source Weber Logistics White Paper <https://www.weberlogistics.com/hs-fs/file-18466406.pdf>

## The detailed perspective



This section considers in greater detail the possible root causes of the chargeback problem, how Shippers deal with it, and the potential downsides as well as true costs a Shipper may confront if it does not manage the problem properly.

The root causes of chargeback problems can be traced back to many departments inside a distribution center. Consider the following, Receiving of Products, Putaway, Replenishment, Order Picking, Packaging, Manifesting, Outbound Load Building, Loading, Shipping and finally Invoicing. Imagine it as a chain, and each daily operation within the chain as a link.

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*A chargeback means that a link in the chain has broken and when that happens, it impacts the whole cycle.*

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## Some of the more common chargeback categories

### Distribution and shipping discrepancies

The foremost reason for chargebacks is Distribution and shipping discrepancies—ranging from shortages to incompliance with carrier or other shipping specifications. These lend themselves to penalty charges and chargebacks to settle these charges. When a shipping operator loads the wrong quantity or otherwise deviates from the strict letter of the customer's shipping instructions or routing guide, the customer will consider that a deviation from their instructions and may penalize the Shipper. Many times, the wrong product is shipped causing a discrepancy from what the invoice should have been for. These kinds of errors can be most difficult to research and correct.

### Problems with quality

Quality problems are a major cause of chargebacks as they are widely interpretive—damaged packaging or product defects, any of which may lead to a chargeback as soon as a customer receives a shipment. Even after items have been received in good order, a retailer may later chargeback on the basis of any such concern.

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*Thousands of times a day a scenario like this one is played out: a consumer walks into a retail store, opens up a package while no one is watching, examines the item within, and puts it back with or without repackaging it.*

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This may very well come back to the Shipper as a returned item and a chargeback due to poor quality in packaging.

### Post-audit chargebacks

Post-audit chargebacks are taken when customers go back several years to identify reasons for chargebacks. And they sometimes hire third party auditors for the purpose. If the Shipper lacks a good tracking system for all the related documents as proof, such post-audits can exploit it and generate chargebacks which a company, with inadequate record keeping, has no choice but to write off.

### Make sure your documentation is included

We had a customer that was able to avoid the Drug Enforcement Administration (DEA) fine because even though they misplaced the License certificate issued by DEA, they had the digital copy of the License in LoadProof, that they were able to show as proof.

## A chargeback management system can help

If companies are doing everything correctly, then still getting chargebacks, then the chargeback management system will absolutely help.

- Is all the documentation included?
  - Packing slip
  - Shipping Label
  - Carrier Label
  - Retailer label
  - BOL or Manifest
  - Invoice
  - Any other Licenses or certificates
- Is your product in a good condition?
- Are you using correct box dims?
- Are you shrink wrapping as per the Routing guide?
- White color/Black color/transparent – are you using the correct shrink wrapping?
- Are the cartons floor-loaded or built on pallets?
- If using building pallets, are the pallets built to the right height?
- Is the Retailer accepting only CHEP pallets?
- Is the trucking company making on time deliveries?
- On date deliveries? Or are they missing the dates?

If companies do any of the above and if they are not sure if they're in compliance with the routing guide issued by the retailer, then companies would still get a chargeback.

Faced with such numerous problems, Shippers currently often respond with knee jerk reactive measures, sustaining a manual and paper-based resolution process.

Such reactive measures often include:

- Automatic write-off thresholds.
- Assigning employees to investigate the problem only when it is large enough or has lasted long enough.
- Assigning accountability to different departments on an adhoc basis.
- And so on and so forth.

**Here's an example**

**If a chargeback appears to happen due to delayed shipment, the responsibility may not simply rest on the shipping department alone. Maybe the customer service rep taking the order did not record the required ship-by date accurately, etc. Such measures aside, having a manual and paper-based process cripples the company from handling increasingly large volumes of transactions, let alone time and resources for control and analyses. All these downsides could cost a Shipper heavily.**

Coupled with these knee jerk reactive measures, the chargeback resolution process itself may be manual and or spreadsheet based done on a transient basis. The Shipper and its customers, or even various teams within the company, may rely on exchanging mountains of paperwork and messages back and forth through mail, email, fax, spreadsheets and calls to resolve every single problem, each taking backup copies of the documents and spending inordinate amount of time in organizing them to by-pass the lack of a central system and a well-defined process. To wrap it all up, many Shippers fail to take a proactive approach in managing the problem.

Each of the reactive measures has many downsides. Automatic write off thresholds alone without corresponding control and analyses, for example, can easily lead to customers abusing the system. Sophisticated customers may develop ways to test these thresholds and chargeback just below the tolerance so that automatic write offs are triggered. Likewise, if the Shipper company only assigns employees to research a chargeback when it is big enough or has lasted long enough, customers can detect the pattern over time and take advantage of it. Adhoc assignment of the research responsibility to various departments treats only the symptoms instead of the root causes of chargebacks.

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***With the lack of proactive measures and an automated resolution process, administrative and write-off costs can accumulate to many millions of dollars.***

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Product-quality problems may lead to chargebacks and returns that will require re-stocking fees. There are also a lot of hidden costs and opportunity costs incurred. Since with chargebacks, customers are assumed innocent until proven guilty, the Shipper might as well be financing its customers with zero interest loans. And since the Shipper is not likely to be in the financing business, it will inevitably carry more financial risks than it is capable of managing. Without investigating certain customers' open chargebacks and disputes, the Shipper may be extending credit lines that are too high. Tied up cash flows may negatively impact the valuation of a Shipper company and limit its expansion opportunities. Without an effective chargeback management system, such costs cannot be readily identified or reduced. Most Shippers, if they take a hard look at their chargebacks, will find many different reasons for the problem, each perpetuated by the inadequacy of their current management system that often undermines the true costs. In finding a solution, therefore, it is paramount to take an all-inclusive approach starting with a well-defined process and then systematically implementing such a well-defined process with appropriate controls, checks and balances.

# Finding a solution



Finding a solution to all this disarray is an attainable goal. Best practices, processes and systemic solutions must embrace clear ownership of chargebacks through the entire life cycle.

This includes a centralized system to track all chargeback vulnerable functions with warehousing operation teams' buy-in to cooperate in controlling chargebacks and measures to prevent chargebacks. To find a solution that encompasses all the best practices and that is an effective one, a Shipper company must align its processes, people and tools. This needs to be done throughout the company, consistently and persistently inculcating a lot of process and systemic discipline.

## Managing the whole process



To tackle the chargeback problem effectively, a company must find a way to manage the entire process as a whole – all the different stages in Order Fulfillment that are also appropriately tied into Accounts Receivables and Compliance processes under the finance organization.

There are few innovative ideas under the sun, and front end-back end integration is hardly one of them. Yet many Shippers have not translated this concept into systematic processes. Such processes are critical both in accelerating the resolution of valid chargebacks as well as in preventing or correcting invalid ones. Traditional barriers to cross-departmental communication and information access may prohibit a company from managing the chargeback resolution process. To find a solution, the company must consider every link in the chain.<sup>2</sup>

2. Source: Credit Research Foundation [www.cfronline.org](http://www.cfronline.org)

## Managing the links in the chain

- Any information regarding customer requirements that a customer service department may capture during the order entry process needs to filter through the picking, packing and shipping procedures all the way into the Warehouse.
- When the Accounts Receivables department identifies a chargeback, it needs to communicate the information so that right employees (be they in Customer Service, Sales, Credit or Collections or in the Distribution Center and part of Order Fulfillment) can be identified at the same time to take ownership of research and resolution. Resolution will then in turn require these employees to communicate back to their Accounts Receivables counterparts.
- Collections agents should be aware of invoices with chargeback problems, and if other groups are already working on researching or negotiating with customers on them, should not duplicate the work or a customer will not be pleased to be contacted by different groups within a company for the same problem.
- Finance, Sales and Marketing need to be able to access all relevant data on a customer in conducting meaningful customer profitability analyses. And this includes the customer's chargebacks data and costs data to resolve them.
- Employees assigned to analyze chargeback data and to discover statistical trends need to disseminate the analyses not just to advise management but also to different teams within the company. Throughout all these processes, across all these departments, communication and coordination need to happen with consistency and persistency.

Many Shippers have this problem with deductions and chargeback is one such deduction that Shippers often experience. The discussion of different types of deductions and the ramifications are discussed in detail here in this article <https://www.crfonline.org/credit-assistant/task-index/organization-and-administration/the-basics-of-deduction-chargeback-management>. And many of these ramifications sighted are equally applicable to the chargeback deduction as well.

## Choosing the right team as problem solvers



Aligning the right people with the processes is important in managing chargebacks because assigning ownership is a first step towards problem solving.

To resolve chargebacks, one needs to understand all the major functions of the order fulfillment process, and depending on the chargeback scenarios, varying skill sets may be necessary.

Assigning ownership to the right people is the first step in solving the problem. Without proper assignment, a chargeback may not only lie idle without being investigated but it may continue to occur in future shipments to the customers, as well. While it lies idle, the company may be financing it as a zero-interest loan. When assigning ownership, factors that need to be considered include customer attributes, locations, products purchased, amounts charged back, and reasons for chargeback.

Since chargebacks can be attributable to many warehousing functions such as Receiving, Putaway, Replenishments, Order Fulfillment processes such as Picking, Pallet building, Loading, Shipping, Invoicing etc., it is essential to build a team of people who collectively can understand all major warehousing functions within the shipper and can educate each other on them.

Depending on the chargeback scenarios, different skill sets need to be present within these chargeback control and monitoring teams.

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*For example, to address issues with a customer's buyer, a chargeback team member who is strong in customer relationships may be an appropriate person.*

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Whereas someone strong in credit or collections analysis is a good fit to address issues with a customer's payables personnel. In general, the volume and complexity of chargebacks demand that people who research and resolve them be both efficient executors, process and function experts along with knowledge on the routing guides for that specific retailer and, at the same time, be thorough problem solvers.

## Solution selection: LoadProof



The best way to eliminate chargebacks is to show that the shipment or load left the Shipper's facility in perfect condition—through the use of pictures.

### **What could have happened to the Shipment/Load?**

Everything was fine when the Shipment left the facility, but it arrived damaged or it arrived with issues at the Retailer Facility. How did that happen?

#### **Two possible scenarios**

- The trucking company hired by the Shipper mishandled the shipment
- The trucking company hired by the Retailer mishandled the shipment

## How can a good Chargeback Management System help?

### Scenario I – The trucking company hired by the Shipper mishandled the shipment

In this scenario, the Shipper is paying for the transportation, hence, the Shipper has the liberty to pick and choose the trucking company. However, the trucking company did not follow all the rules they were supposed to follow while handling the loads, which resulted in damages to your load.

- If you take pictures of the damages, then you can have a conversation with the trucking company and ask them to eliminate these damages.
- You can ask your customer on the other end to take pictures of the condition of the product that they are receiving.

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*Show the trucking company the condition of the product when it left your facility and also the condition when the product arrived at their facility – by taking pictures in both instances.*

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Then you can clearly hold the trucking company accountable and have a conversation with them.

- Some things that the trucking company is possibly doing that they are not supposed to do you are not made aware of:
  - Going through the cross-dock facility, where your product is touched multiple times, even though they might have told you otherwise.
  - Depalletizing your pallets, which normally is not done.
  - Placing non-fragile heavy items on your fragile products.
  - Handling through an LTL truck. It is perfectly fine to handle products as an LTL, but they need to let you know – so that you can reinforce on the packaging to withstand more handling.

**Remember – your buyer is your business partner**

**You have a beautiful product, a quality product, a fantastic product that many consumers love. A buyer from the retailer side fell in love with your product and that is why they agreed to sell your product in their retail store in the first place. So reach out to them and partner with them.**

**Scenario II – The trucking company hired by the retailer mishandled the shipment**

In this scenario, the retailer you are shipping to is paying for transportation, because the retailer is leveraging their economies of scale and getting better rates, as they also have other product they pick up from other vendors in the vicinity. The problem here is that, because the retailer is paying for transportation, if the trucking company damages product, as a Shipper you don't have a solid voice to hold the trucking company accountable.

- If you take pictures of the damages, then you can have a conversation with the Retailer and tell them that the damages were not there when the product left your facility.
- You can even ask your Retail customer on the other end to take pics of the condition of the product that they are receiving and then show the retailer, the condition when the product left your facility and educate them on what is happening to the product.
- Some things that the trucking company is possibly doing that you are not made aware of:
  - Going through the cross-dock facility, where your product is touched multiple times, even though they might have told you otherwise.
  - Depalletizing your pallets, which normally is not done.
  - Placing non-fragile heavy items on your fragile products.
  - Handling through an LTL truck. It is perfectly fine to handle products as an LTL but knowing that will help you – so that you can reinforce the packaging to withstand more handling.
- Keep in mind that it is not a good idea to have a confrontational conversation with the retailer. Work with them as a partner and get the issues addressed in a collaborative manner.
- Large Retailers have plenty of inertia in their organization, so provide enough pictures proof to demonstrate you are doing your job right. Then your partner on the retailer side can share these with his bosses and get the situation addressed.
- If you don't get anywhere, reach out to your buyer on the Retailer side – your business relationship is really a partnership.

## What is the most important thing in the entire Chargeback Management System?

- The Supply Chain has gotten very complex and there are way too many operators in each Supply Chain, very few people realize this.
- You don't have control over who touches the product you ship. LTL terminals, Transportation companies, Truckers, Lumpers, other Intermediaries, International Ports, Receivers etc.
- Very few Warehouse Managers understand this, realize this and recognize this.
- There are way too many people touching any product you ship in the Supply Chain today, so a lot could go wrong, especially LTLs — LTLs — work on a hub & spoke model.
- So, you need to make sure you have proof to show that you did your job right, just in case something goes wrong.
- For example, nowadays When Amazon makes a delivery at your house, there is a picture of the product they left at your doorstep - to show that they did their job right & Anything that happens after that - it is not their fault.
- That is why it is important to do your CYA — always have proof that you did your job right.
- And so, pictures are the best way to show that you did your job right.

## How do pictures help getting your problems addressed while operating in a Supply Chain community?

Pictures help with getting your issues addressed within the Supply Chain community:

- When you show pictures, you come across as transparent. People trust you and they are willing to work with you.
- Now with the proliferation of Smart Phones in everyone's hands, pictures have become a very important part of our lives and they become a basic expectation and a necessity. It is very common to ask for a picture in any conversation, hey can you quickly snap a picture of that thing and text it to me please? It just helps understand the situation in a crystal-clear fashion. If you don't provide pictures, you are looked upon as you are hiding something, and you are not considered trustworthy.
- Once such a crystal-clear visibility is provided on the situation to all parties involved, it is much easier to build consensus and get everybody to act upon.

## What are the current methods of capturing picture documentation?

The following are the different methods of capturing picture documentation that are currently in use:

### 1 | No process currently in place

### 2 | Old school digital cameras

- Usually there is an operator that takes pictures of outbound loads.
- After taking certain number of pictures, the memory card gets full.
- At this point the operator walks down to his computer, inserts the memory card into his computer, copies the pictures into this computer or sometimes the pictures are copied into Google drive.
- Then there is another employee that goes to the computer and or the Google drive and updates the pictures with the relevant contextual data. Not everybody does it with discipline all the time. If the employee is assigned another high priority task, then tagging the pictures becomes a lower priority and does not get done.

### 3 | Using personal smart phones

- Operators use their personal smart phones to take the pictures.
- They email the pictures to themselves and/or their colleagues.

## What are the drawbacks of the current methods of capturing picture documentation?

### 1 | No process currently in place

No photographic evidence whatsoever—this is not good.

### 2 | Old school digital cameras

- The problem with this system is that this is the least efficient system.
- Way too much labor is spent on the following
  - Taking pictures, walking down to the computer and copying them – this creates bottle necks in the current processes, such as loading especially during the peak time in the evenings when the shipments are prepared to sent out.
  - There is another employee that performs the tagging of the pictures with the relevant contextual data, which is extra labor that is spent on this activity.
  - This system also creates bottle necks while performing important steps during shipping of loads at the end of the day.
  - Many distributors have tried this to make it work but abandoned this process due to the inherent inefficiency in this process.

### 3 | Using personal smart phones

- This solution temporarily solves the problem but does not help after 3 months or 4 months, when a claim is submitted, and the pictures are needed the most.
- At that time, nobody knows where the pictures are. Operators and supervisors end up searching for pictures in their smart phones, inboxes, computers etc. but realize they are nowhere to be found.

Without the right tools, the most carefully designed processes risk delays and lack of adoption, and the ablest people may end up spending all their time doing administrative or paperwork instead of solving problems. So it is of paramount importance to deploy the right systemic processes so all of the above steps can be performed on a consistent basis to scale to support the operations without any impact to the current throughput of the distribution center.

## What are some of the capabilities that a Chargeback Management System needs to have?

The core of the chargeback system is to have the ability to do the following at scale:

- Picture Taking
- Picture Tagging with appropriate Contextual Meta Data
- Picture Uploading
- Repository of Pictures in the Cloud
- Picture Retrieval capabilities
- Picture Sharing capabilities

### Picture taking

#### Manual method

- This method involves a mobile app that enables super-fast picture capturing using a simple mobile device, that everyone is used to in daily lives.
- In this process, the operators and or supervisors that own the shipment loading process have mobile devices that are loaded with the mobile app.
- At the time of loading, after loading each pallet, they take out the mobile device, start the app, log into the app with their credentials and take pictures performing a few simple taps.
- The mobile app is very simple and easy to use, so anybody can start taking pictures so fast without a need for a long training and or onboarding time.

### **Semi-automated method**

- This method involves a mobile app running in a mobile device that is in turn mounted on a Forklift or a Shrink Wrapping Machine, or a Turret Truck, or a Reach Truck, or any other equipment or machinery so that personnel can swivel the mobile device to multiple degrees of freedom and take pictures in a semi-automated fashion making it faster compared to a complete manual option that is discussed in the previous section.

### **Fully automated method**

- This method involves a mobile app, running in a mobile device, that is mounted on a robot or a tripod on wheels that runs automatically around an entity such as a case or a pallet in a warehouse in a fully automated fashion, while doing so automatically captures pictures and uploads them to the picture repository in the cloud.
- This mobile app is highly intuitive and super easy to use, has all automated capabilities such that everything is done automatically by the mobile app, mobile device and robot combo.

### **Picture tagging with relevant contextual data**

- This involves tagging the picture with the relevant contextual meta data, so that the context of the pictures are clearly articulated when someone looks at these pictures at a later point in time.
- Also, this contextual meta data enables quick searching of the pictures for retrieval and sharing with others such as vendors, customers, partners, peers from the same organization etc. to establish proof that the picture taker did a thorough job in completing their task.

### **Picture uploading into a failsafe cloud repository**

- This involves uploading the picture, so that the pictures are stored in a repository that is accessible by anybody and everybody in a controllable fashion.
- This is done either through a WIFI connection or a Cellular connection.

## Repository of pictures in the cloud

- This involves creating and maintaining a repository, that receives all the uploaded pictures in the cloud that is accessible through the mobile app and the browser by anybody and everybody.
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*In this system, the pictures never get lost, the pictures stay there forever unless they are deleted ensuring a peace of mind the users that uploaded the pictures to the cloud repository.*

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- It is of utmost importance that the warehouse manager is not only sleeping peacefully knowing that the pictures tagged with the appropriate contextual data is sitting in the cloud but also not wasting time on chasing to figure out how this chargeback occurred? Who in his team fumbled? Which process dropped the ball, etc.?

## Picture retrieval

- The user would type in the meta data, for example if PO number is one of the meta data that was captured for the context, the user would type in the specific PO number and they can find the data immediately.
- The ability to search by date provides ease of use to retrieve data in a chronological manner, if necessary.

## Picture sharing

There are multiple ways to share the pictures:

- Share the picture by sharing the hyperlink of the pictures – instead of following a multistep process, where in the user copies the picture, pastes that picture into their email and then adds the relevant data and then emails it to the recipient
- Generate a PDF of all the pictures along with the contextual metadata and email that PDF. This PDF is most helpful when the big retailers such as Walmart, Kohls, Staples etc. issue chargebacks because often in order to fight these chargebacks, Warehouse managers or the Vendor compliance personnel often have to upload pictures into the retailer's website. The PDF comes in handy to do just that in one step.

## Hierarchical enterprise-wide access

### The benefits of hierarchical enterprise-wide access

- LoadProof like any Enterprise wide system is accessible anytime, anywhere and via any PC with an Internet connection. This puts the user firmly in charge of where and when they access the application. It also opens up exciting, modern possibilities such as global teams, home working and real-time collaboration. The idea of sitting in front of a single computer and working in a fixed location is a thing of the past with web-based applications.
- In addition to being customizable for user groups, content can also be customized for use on any device connected to the internet. This includes the likes of mobile phones and tablets. This further extends the user's ability to receive and interact with information in a way that suits them. In this way, the up-to-date information is always at the fingertips of the people who need it.
- It is possible to achieve a far greater level of interoperability between web applications than it is with isolated desktop systems. For example, it is much easier to integrate a web-based system like LoadProof into a web-based Transportation system or a Warehouse Management System than it is to get two proprietary systems to talk to each other.
- Because of this, it's possible to rapidly integrate LoadProof with other enterprise systems, improving work-flow and other business processes. By taking advantage of internet technologies you get a flexible and adaptable business model that can be changed according to shifting market demands.

# Return on investments

Investing in a system aligned with objectives for chargeback control and management can result in immediate and significant financial returns.

## 1 | Savings in time and resources conducting research

To calculate the savings in this area, Shippers need to first measure what factors contributed to the costs.

Here's how  
the calculation  
works

- Average number of personnel involved in resolving a chargeback = **W**
- Average time in hours by each person = **X**
- Average hourly cost of their time = **\$Y**
- Other costs (such as administration) incurred = **\$Z**

**TOTAL COST per chargeback = \$ (W \* X \* Y + Z)**

While Shippers usually only consider the value of time in hard dollar terms, they really should consider who these people are and what they would be doing if they are not spending time on resolving chargebacks.

While the majority of chargebacks can be determined to be valid after research, without the proper tools to conduct such research, much time and resources will be lost. With the proper tools, claims' validity can be identified with much less time and resources, creating savings for the Shipper.

## 2 | Lower financing cost from reduced time required to identify and collect invalid chargebacks.

Chargebacks which, after research, are determined to be invalid, can be charged back to and collected from the customer. The problem is, without any Chargeback Management System, chargebacks either sit idle without an appropriate owner or the Shipper incurs financing costs for it while it is going through a lengthy research process. Cash flows that are tied up as a result of these chargebacks could have been invested in other opportunities. The magnitude of such costs depends on the cash management policies of a Shipper.

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*An average money market fund return averaged 4% to 5% in the past five years. The difference between that and the cost of equity for a Shipper thus represents its opportunity cost.*

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## 3 | Lower costs from preventing chargebacks

Processing chargebacks more efficiently can lead to an increase in customer satisfaction which, by itself, can be a main factor of chargeback prevention. But rigorous reporting and analysis can help Shippers further prevent chargebacks. With LoadProof, where all chargebacks data reside in one place, Shippers can easily extract reports for analytics. Improvement in this area can be easily measured by the decrease in chargebacks from the numbers in the past.

# Conclusion



Chargebacks are a problem that exists in many industries and with many Shippers. You, as a Shipper, can take control of the problem by understanding its root causes and attacking it head on with the right process, subject matter experts and appropriate systems.

To be successful in mitigating chargebacks, the Shipper must remember to take an all-inclusive approach – as the root causes may span across many departments. Streamlining your processes and facilitating communications between various departments will be of utmost importance to success. Choosing a software system that understands this approach is equally important.

LoadProof is a solution that takes this same approach in provides you with the best of breed research, administration and analysis to resolve and pre-empt chargebacks – a central repository that tracks all proofs. It's also a system that enables all groups within the Shipper organization to communicate, to understand customers and to collaborate in satisfying their needs. Taking control of your chargebacks will improve your customer relationships and yield significant financial rewards to both your top line and bottom line. The numbers are overwhelming – the opportunities for improvement, however, are more so.

## About the author



Puga Sankara is the co-founder of Smart Gladiator. Smart Gladiator designs, builds, and delivers market-leading data collection mobile technology for Retailers, Distributors, and 3PL Service Providers. So far, Smart Gladiator Wearables have been used to ship, receive, and scan more than 100 million boxes. Users love them for the lightweight, easy-to-use soft overlay keyboard and video chatting ability, data collection ability, etc. LoadProof is another data collection product from Smart Gladiator that efficiently collects picture data, for more information visit [www.loadproof.com](http://www.loadproof.com).

Puga Sankara is a Supply Chain Technology Professional with more than 20 years of experience in deploying capabilities in the Distribution, Logistics and Supply Chain Domain. His prior roles involved managing complicated mission-critical programs driving revenue numbers, rolling out a multitude of capabilities involving more than a dozen systems, and managing a team of 30 to 50 personnel across multiple disciplines and departments in large corporations such as Hewlett Packard. He has deployed WMS for more than 30 distribution centers in his role as a Senior Manager with Manhattan Associates.

He has also performed process analysis walk-throughs for more than 50 distribution centers for WMS process design and performance analysis review, optimizing processes for better productivity and visibility through the supply chain. Size of these DCs varied from 150,000 to 1.2 million SQFT.

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