

A woman with blonde hair, wearing a white button-down shirt, is sitting in a black office chair at a desk. She is holding a pen and looking directly at the camera. On the desk in front of her are a telephone and some papers. A speech bubble is positioned to her right, containing text.

It is not fair for us to pay for these chargebacks, because we did our job right and we have pictures to prove it

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**CHARGEBACK
MANAGEMENT**
A WHITE PAPER

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EXECUTIVE SUMMARY

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. 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. 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 a widespread one amongst the Shippers that ship to Retailers. It is most pervasive in industries that sell through Retailers both online and offline. It exists for many numbers of reasons – at any point throughout the whole 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 and benefit from cutting research time, freeing tied-up cash flows, collecting invalid chargebacks and reducing receivable write-offs. This will impact both the top line and the bottom line positively and is an objective worth accomplishing.

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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

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

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. 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. These chargebacks are not payments requested by retailers; they are automatically deducted from the Shipper’s invoice¹

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. 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. 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. A chargeback means that one such link has broken, and when that happens it impacts the whole cycle:

Some of the more common chargeback categories are summarized as follows:

The first and foremost reason is Distribution and shipping discrepancies—ranging from shortages to incompliance with carrier or other shipping specifications—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.

Quality problems is 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. 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. 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 are taken when customers, sometimes hiring third party auditors for the purpose, go back several years to identify reasons for chargebacks. 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.

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

- Is all the documentation 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
 - 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 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 in compliant 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.

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. For

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.

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

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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, a centralized system to track all chargeback vulnerable functions with warehousing operation teams' buy-in to cooperate in controlling chargebacks and finally 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 is 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 chain²:

- 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.cfronline.org/credit-assistant/task-index/organization-and-administration/the-basics-of-deduction-chargeback-management/](https://www.cfronline.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.

2. Source: Credit Research Foundation www.cfronline.org

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

Assigning ownership to the right people is a first, and important step in solving the problem. Without proper assignment, a chargeback may not only lie idle without being investigated on but continue to occur in the future shipments to the customers as well. Again, 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. The point of contact for each chargeback, the “owner”, also needs to possess the ability to coordinate tasks for various groups.

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

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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 pictures. When the Shipper personnel are able to show pictures, the person on the retailer end thoroughly sees everything and has proof to check on their side

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for any issues, because the big retailers often pay for transportation. Often in situations like these involving claims, pictures add tremendous value. Often when pictures are produced that substantiates your side of the story, with appropriate explaining, conversations and relationship the chargebacks are cancelled.

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?

There are two scenarios possible on what could have happened.

Scenario I – The trucking company that was hired mishandled

- 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.

Scenario II – The trucking company hired by the retailer mishandled

- 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.

And how can this be addressed with a good Chargeback Management System?

Scenario I – The trucking company that was hired mishandled

- 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 even ask your customer on the other end to take pics of the condition of the product that they are receiving and then show the trucking company, the condition when the product left your facility and also the condition when the product arrived at their facility by taking pictures on both the instances.
- Then you can clearly hold the trucking company accountable and have a conversation with them.
- Listed below are some of the things, that the trucking company is doing, that they are not supposed to do
 - Possibly going through the cross-dock facility, where your product is touched multiple times, even though they might have told you otherwise
 - Possibly depalletizing your pallets, which normally is not done and as a Shipper you are not aware.
 - Possibly placing nonfragile heavy items on your fragile products
 - Possibly handling through an LTL truck, which as a Shipper you are not aware of. 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, such that the packaging enables more handling
- Just keep in mind that, it is not a good idea to have a stand-offish conversation, however work with them as a partner and get the issues addressed in a collaborative manner.

Scenario II – The trucking company hired by the retailer mishandled

- 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.
- Listed below are some of the things, that the trucking company might be doing, that you are not aware of
 - Possibly going through the cross-dock facility, where your product is touched multiple times, even though they might have told you otherwise
 - Possibly depalletizing your pallets, which normally is not done and as a Shipper you are not aware.
 - Possibly placing nonfragile heavy items on your fragile products
 - Possibly handling through an LTL truck, which as a Shipper you are not aware of. It is perfectly fine to handle products as an LTL, but knowing that will help you, so that you can reinforce on the packaging, such that the packaging allows more handling
- Just keep in mind that, it is not a good idea to have a stand-offish conversation with the retailer, however 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. You have a beautiful product, a quality product, a fantastic product many consumers love, a buyer from the retailer side fell in love with your product, that is why they agreed to sell your product in the retail store in the first place, so partner with them, reach out to them
- Then upload your pictures to the Retailer portal – that is the key here – Just by the click of the mouse you can download a PDF of all the pictures with the contextual data from LoadProof, and then take that PDF and upload that PDF in the Retailers portal where the chargebacks are shown.
- Change the conversation, change it from “they pointing finger at you and saying that it is your fault” to “You make them understand that you are pouring your love and passion not only in making that great product, but packing them as well, show how much you care about your product and show all the effort your team is putting into packing and shipping the product so the end user can enjoy the product you manufacture in a consummate fashion”
- Your situation will not change day one, however don't be standoffish, but keep having that conversation, build that relationship, it takes a lot of effort and patience show them you genuinely care and you are doing the best, eventually things will change, keep in mind bigger orgs need more time to change, but they will change. During our rollout of LoadProof for several of our customers we are seeing this often from small Shippers that come from different cultures. Often, they have some unique very beautiful products, but don't have someone in their team that is able to have such conversations across cultures in a non-confrontational manner and able to articulate their perspective. It is important to have such a team member that is able to have such a conversation that can not only fix disputes at an early stage but also foster long term win/win relationships for mutual gains.
- Then your chargebacks go away, if you are an FMCG product manufacturer that is shipping to retailers, you do this, your chargebacks indeed go-away

- Be cognizant of the fact that the Supply Chain is a community and work with all the partners in the Supply Chain in a collaborative manner, that will help you get your issues addressed. If you follow a stand-offish approach, then you will not be able to get your issues addressed quickly and effectively.

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

The most important thing to have an effective conversation with your Supply Chain partners is [Pictures that are tagged appropriately with relevant contextual data](#) for the reasons below.

- 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.
- It is not your fault because - The fact is there are so many operators in the Supply Chain that are touching the product you ship, and you have no idea who is touching that product and who is handling that product appropriately & who is not.
- Pictures are the best Proof - You cannot argue with Pictures - Pictures help with resolving issues so much faster, so the best proof (CYA) is pictures
- A picture is worth 1000 words
- If you can get videos that is even better, videos don't lie.

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

The following are the reasons how showing pictures helps with getting your issues addressed within the Supply Chain community

- When you show pictures, you come across as transparent, people trust you and people 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 some of the current methods of capturing picture documentation?

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

- No Process currently in place
- 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.
- Operators using their personal smart phones
 - Operators use their personal smart phones and take the pictures
 - Then they email the pictures to themselves and or their colleagues

What are some of the drawbacks with the current methods of capturing picture documentation?

No Process currently in place - This is not good, no pictures whatsoever

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.

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

- High-Speed Picture Taking,
 - High Speed Picture Tagging with appropriate Contextual Meta Data,
 - High Speed Picture Uploading
 - A Failsafe Repository of Pictures in the Cloud
 - High Speed Picture Retrieval capabilities and
 - High Speed Picture Sharing capabilities
- so that there are no bottle necks added to the current processes and hence the throughput of the facility is not impacted whatsoever.

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HIGH SPEED PICTURE TAKING

This involves capturing the pictures in a high-speed manner, so that there are no bottle necks that get introduced in the current processes that the personnel in the warehouse execute,

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.
- The app is intuitive, and it is similar to taking pictures in Smart phone like people do all the time, so that there is no time wasted on new employee training or onboarding processes
- The app is available in both iOS and Android operating systems
- The Supervisors, Managers, Directors and Executives can also install the app in their personal smart phone and capture pictures as they see fit and upload them to the cloud picture repository
- This is usually a good fit for low to medium volume operations, where the personnel can capture all the pictures without slowing down the current process.
- Also this is a good fit for evaluating the feasibility of deploying an app and to compute the resulting gains from deploying such a capability.

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
- This mobile app is a similar mobile app, that is highly intuitive and super easy to use, however has some automated capabilities such that the user performs one or two steps manually, while everything else is done automatically by the mobile app
- This is usually a good fit for medium to high volume operations, where the personnel can capture all the pictures without slowing down the current process and still not compromise on the volume throughput that is processed through the facility. Again, utmost importance is paid to the whole process such that the throughput of the facility is not impacted whatsoever.

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

- This is usually a good fit for high volume operations, such as cross dock facilities with very high through put that run 24 X 7, where the robot captures all the pictures without adding any bottle neck in the current process.
- The last thing the shipper wants is add another bottle neck and or human element to that process that results in aggravating the situation, instead what is needed is a failsafe mechanism that adds value to the whole process without taking extra time.
- This is a very good option in scenarios where providing a mobile device for each operator in the facility is not a viable solution for multiple reasons.

HIGH SPEED 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 form the same organization etc. to establish proof that the picture taker did a thorough job in completing their task
- And this tagging needs to be done at a high speed, so the process of taking pictures and tagging the pictures does not consume a lot of time and hence no bottle necks are introduced in the process
- This high-speed picture tagging is supported in a flexible fashion in all the three methods of capturing the picture documentation, which are manual picture taking process, semi-automated picture taking process and in a fully automated picture taking process as well.
- The inputting of the contextual meta data is done in a swift manner, so that the user is not spending minutes inputting the data, whatever it may be, entering a PO number or a Sales order number or even choosing an option from the menu
- The last thing the shipper wants is add another bottle neck and or human element to that process that results in aggravating the situation, instead what is needed is a failsafe mechanism that adds value to the whole process without taking a lot of time.

HIGH SPEED PICTURE UPLOADING INTO A FAILSAFE CLOUD REPOSITORY

- This involves uploading the picture at a high speed, 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
- Also, this includes failproof mechanisms where in the upload does not go through successfully the user is prompted to try again and again until the upload is successfully completed
- Also, this includes ability to park the pictures temporarily in the mobile device, just in case another high priority entity needs picture capture while the current entity is being photographed
- The last thing the shipper wants is add another bottle neck and or human element to that process that results in aggravating the situation, instead what is needed is a failsafe mechanism that adds value to the whole process without taking a lot of time.

FAILSAFE 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

- 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. 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.
- This picture repository in the cloud storage like any other cloud storage automatically scales up and scales down, in terms of memory storage, data base storage and compute power for modulated and cost-effective processing
- This picture repository in the cloud storage also provides additional capabilities such as archiving, backups and mirroring in order to ensure that the data is safely stored for the long term.
- By using cloud infrastructure, there is no need to spend vast amounts of money on purchasing and maintaining equipment. This drastically reduces capex costs. There is no need to invest in hardware, facilities, utilities, or building out a large data center to grow the business. No large IT teams are needed to handle the cloud data center operations. Cloud also reduces costs related to downtime. Since downtime is rare in cloud systems, this means there is no need to spend time and money on fixing potential issues related to downtime.
- Data breaches and other cybercrimes can devastate a Shipper's revenue, customer loyalty and brand positioning. LoadProof in Cloud offers many advanced security features that guarantee that data is securely stored and handled. Cloud storage providers implement baseline protections for their platforms and the data they process, such as authentication, access control, and encryption. All these are supported for LoadProof, the picture repository that sits in the cloud.
- With LoadProof hosted in Cloud, supports fluctuating band width demands. This provides agility to Shippers that use LoadProof as there is no fixed fee for the memory infrastructure all the time, even if they did not use it fully. The scalability minimizes the risks associated with in-house operational issues and maintenance. High-performance resources are at your disposal with professional solutions and zero up-front investment. Scalability is one of the greatest advantages of the cloud and that is available for LoadProof as well.
- Data loss is a major concern for all organizations, along with data security. Storing your data in Loadproof in cloud guarantees that data is always available, even if your equipment like laptops or PCs, is damaged. Cloud-based services provide quick data recovery for all kinds of emergency scenarios -- from natural disasters to power outages.
- Cloud enables complete visibility and control over your data. One can easily decide which users have what level of access to what data. This gives control, but it also streamlines work since staff will easily know what documents are assigned to them. It will also increase and ease collaboration. Since one version of the document can be worked on by different people, and there's no need to have copies of the same document in circulation.

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HIGH SPEED PICTURE RETRIEVAL

- This includes query mechanism using Boolean algebra-based logic to retrieve any picture that was uploaded.
- 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
- Also, the ability to search by date provides ease of use to retrieve data in a chronological manner if necessary
- Significant amount of time is saved in retrieving pictures, users are not constantly searching their Inbox, not constantly searching their computers, not constantly searching their Tablet devices, not constantly searching their Smart Phones. Instead everything that is needed is in one place and everybody accesses from there.
- Also think about this being done by multiple people in multiple departments all the way from the Warehouse in Order fulfillment, to while being part of finance and searching for this data as an Accounts Receivable expert. All those unnecessary searches by multiple people are avoided

HIGH SPEED PICTURE SHARING

- There are multiple ways to share the pictures.
- The first way is to 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
- The second way is to 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.
- The third way is to set up the picture requester as another user in LoadProof, so that they can look at the picture as soon as the pics are uploaded, which is just before the load departs the warehouse or as soon as shipments are received.
- Users are not constantly emailing the pictures back and forth. Often when they do this, the pictures get stuck in company's email servers, then users will have to call IT help desk to get their emails released. Sometimes such emails with a lot of attachments end up in spam folders or trash folders, which ensues confusion among users creating trust issues within team or users having to ask others to email multiple times. Also think about key users that are out of office or on vacation, the other party does not have to wait until the user comes back from vacation, instead can log on to LoadProof and get the pictures they need right away.
- When sharing the pictures through email to external parties, this gets even worse, as the email systems of the external party may mark this email as a spam and pictures don't get delivered on time or without manual intervention. Whereas with LoadProof, there is no reason for such communication. The external parties can be set up as users and the external users can just keep watching the pictures as new pictures get uploaded by personnel in the warehouse, without even for a need to call or email or message.

HIERARCHICAL ENTERPRISEWIDE ACCESS

This system supports a hierarchical user definition model that includes the following

- Picture Taking Users and Picture Viewing Users and both users at the corporate level

- Picture Taking Users and Picture Viewing Users and both users at the network level
- Picture Taking Users and Picture Viewing Users and both users at the site level
- Admin Users and Non-Admin Users at the Corporate level
- Admin Users and Non-Admin Users at the Network level
- Admin Users and Non-Admin Users at the Site level

The benefits of hierarchical enterprise wide access are listed below,

- 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 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.

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RETURN ON INVESTMENTS

Investing in a system aligned with objectives for chargeback control and management can result in immediate and significant financial returns: Such returns can come from a few areas of improvement:

1. Savings in time and resources conducting research

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

For example, if:

Average number of personnel involved in resolving a chargeback = A

Average time in hours by each person = B

Average hourly cost of their time = \$C

Other costs (such as administration) incurred = \$D

Then, the total cost per deduction = $\$(A * B * C + D)$

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, during the time such chargebacks either sit idle without an appropriate owner or while it is going through a lengthy research process, the Shipper incurs financing costs for it. 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. 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.

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

Chargeback is a problem that exists in many industries and with many Shippers, but you as a Shipper can take control of the problem by understanding its root causes and by 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 providing you with not only the best of breed research, administration and analysis to resolve and pre-empt chargebacks, a central repository that tracks all proofs, but also the 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 yields significant financial rewards to both your top line and bottom line. The numbers are overwhelming, the opportunities for improvement, however, are more so.

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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.

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. Puga Sankara has an MBA from Georgia Tech. He can be reached at puga@smartgladiator.com or visit the company at <https://www.smartgladiator.com> and www.loadproof.com.