

# Microsoft Dynamics AX2009

## Customer Returns: A Better Answer

Have you ever had the situation when a customer has refused to pay a £1000.00 invoice because they have still not received the credit note for the Item that they returned, valued at £10.00?

Frustrating isn't it?

Neustro, Dynamics AX specialists, look at how this common problem can be resolved.

Few companies can afford to give money away, but if there is a genuine reason to raise a credit for one of your customers for faulty/damaged/unwanted goods returned, processing of this in an efficient and timely way can remove barriers to many situations like the payment of the full invoice, the reluctance of the customer to place new orders until the credit is raised and the general reduction in the customer/supplier relationship.

## Returns Management

Companies handle the returning of goods in many different ways; from the very organised, who will only accept goods with a Goods Return Number issued by them; to the ad-hoc, where goods turn up at the seller's warehouse without notice or identification. In fact in some companies, Returns Management (sometimes referred to as Reverse Logistics), can play a major part in daily operations and it is critical that the goods are returned to on-hand inventory efficiently so that they are available to be resold again.

Just as product sales have common processes, such as order receipt, pick, pack and dispatch and transport, there are common processes for returns management, as follows:

Customer and Supplier agree that the return is allowed and the supplier advises the Customer of the Returned Goods Number.

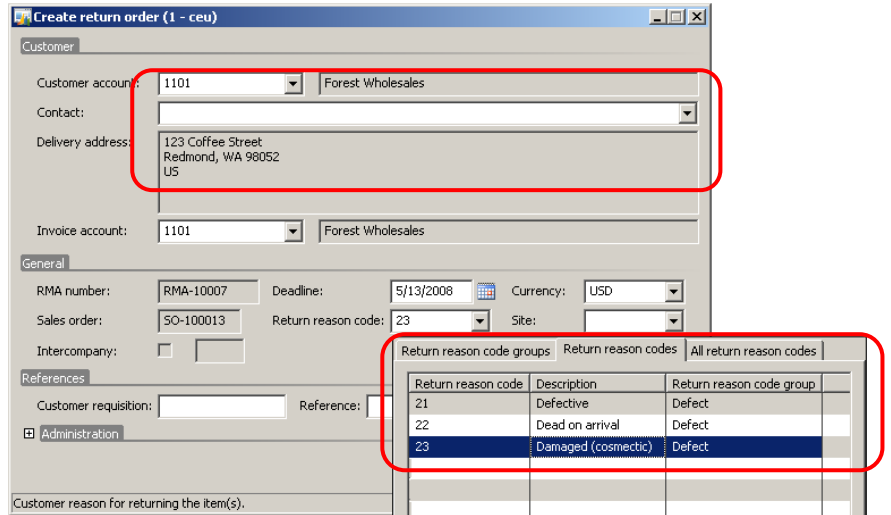
- The Customer returns the goods.
- The Goods arrive at the Suppliers warehouse and the disposition is verified.
- Goods are handled according to disposition which can include: scrap, repair and return to Inventory etc.
- The credit note (if applicable) is raised and processed.

Customers do not want a complicated saga with goods returns. They want their refund or goods exchange handled quickly, correctly and proficiently. The use of a Returns Management process will streamline and simplify the tasks you perform, improving your efficiency and responsiveness to your customers' queries and requests.

The recently released Microsoft Dynamics AX 2009 now integrates **Return Management** into the Trade and Source area of the Supply Chain Management module; let us now look at how some of the problems highlighted above can be resolved.

The first point of contact will usually be between the Sales Order processor and the Customers contact requesting the return. The Order processor raises a Return order selecting the Customer account.

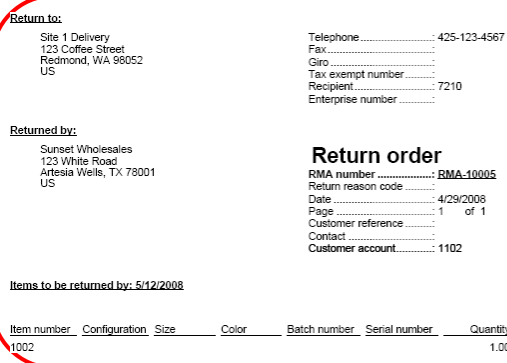
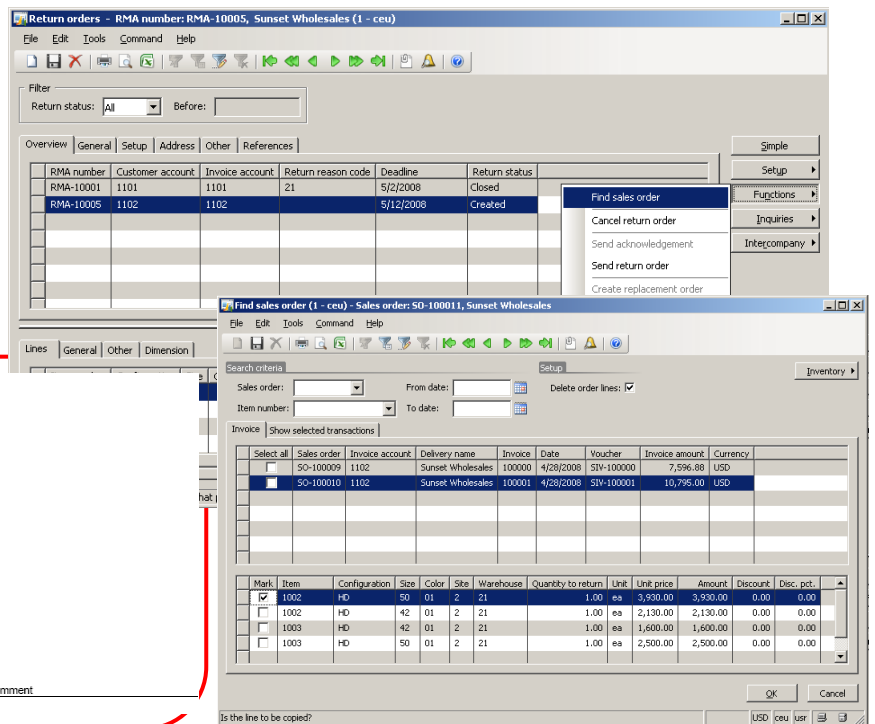
It is at this point, during discussions with the Customer contact that a Reason Code is applied to help simplify the analysis of return patterns.



## Reason Code

It is also possible to add Miscellaneous Charges to the Reason Code, which can be used in the situation where a re-stocking charge can be applied automatically when items are returned that the Customer has ordered in error or a fixed charge for repairs.

From the created Return Order, the Order processor can access Sales Orders for the Customer and can see a full history of purchases.



From this form the Order processor selects the Item to be returned.

Return order documentation can be sent to the Customer either by traditional methods, by e-mail or electronically.

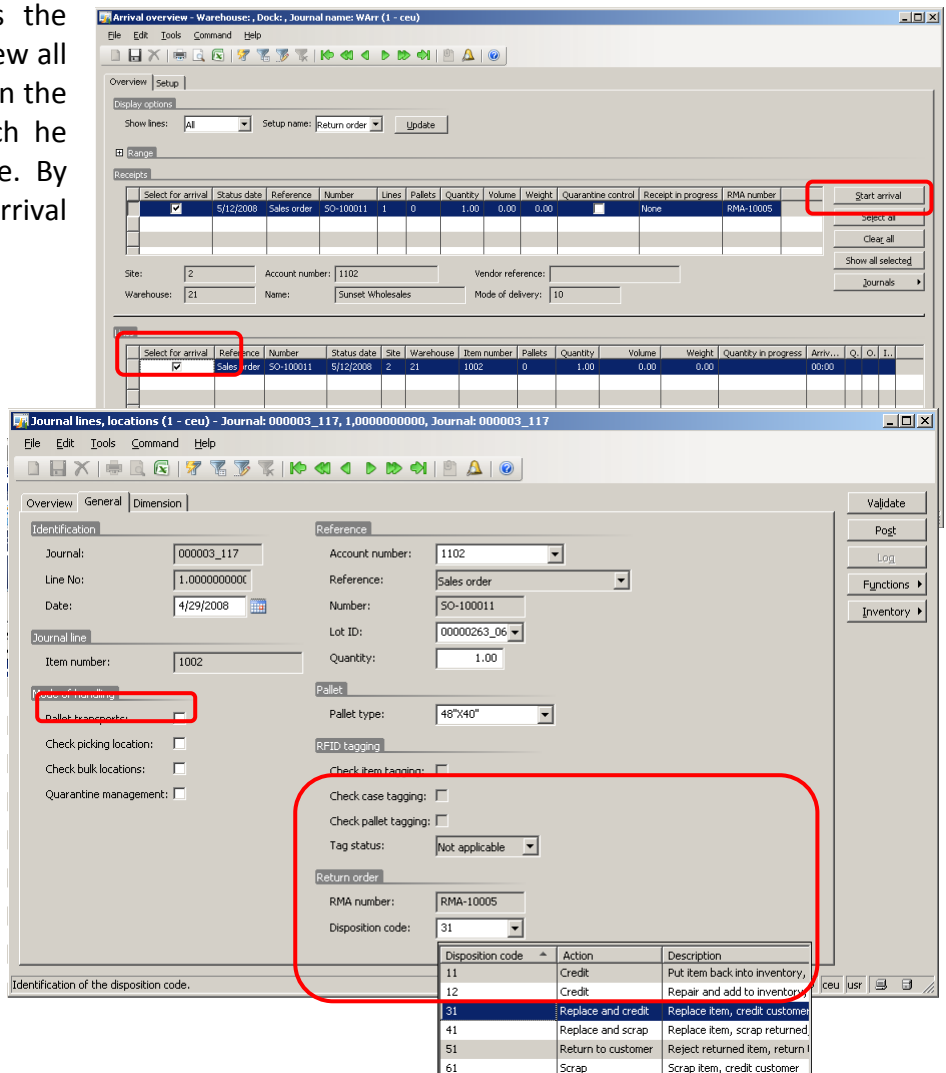
## Replacement Orders and Disposition

At this point it is also possible to create a Replacement Order; this automatically creates a new Sales Order which can be processed in the normal manner, sending a replacement item to the customer.

On arrival at the Suppliers the Warehouse Operative can view all expected Customer Returns in the **Arrival Overview** form which he has created for this purpose. By Starting the Arrival, an Arrival Journal is created.

The Arrival Journal that is created in the above form allows the Warehouse Operative to determine the **Disposition Code** to be applied to the returned Item. Disposition Codes also determines the Disposition Action which should be applied to the physical handling, the financial effect and if replacement is required.

**Disposition Actions** can include Credit, Scrap, Replace and Scrap, Replace and Credit, Return to Customer, etc.



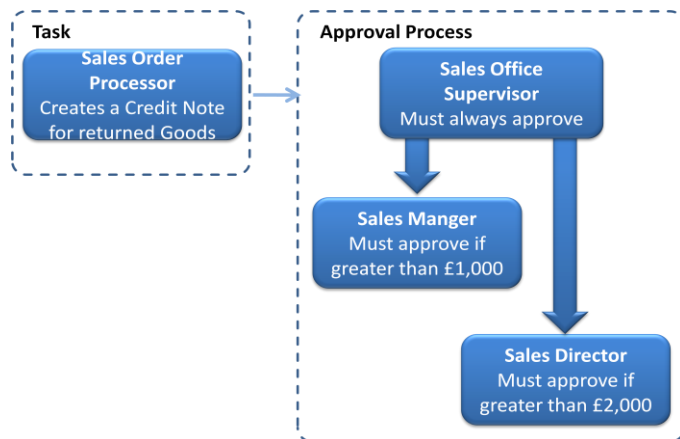
The returned item is now registered at the Suppliers warehouse and can now be received back into Inventory. It is also possible to force the returned goods into a Quarantine Warehouse for further Inspection/Rectification before returning to Inventory or the Customer.

Posting the Packing Slip update on the Return Order automatically creates a Sales Order of type Returned Order and posting the Invoice from this Sales order is the means of creating the Credit Note to the customer.

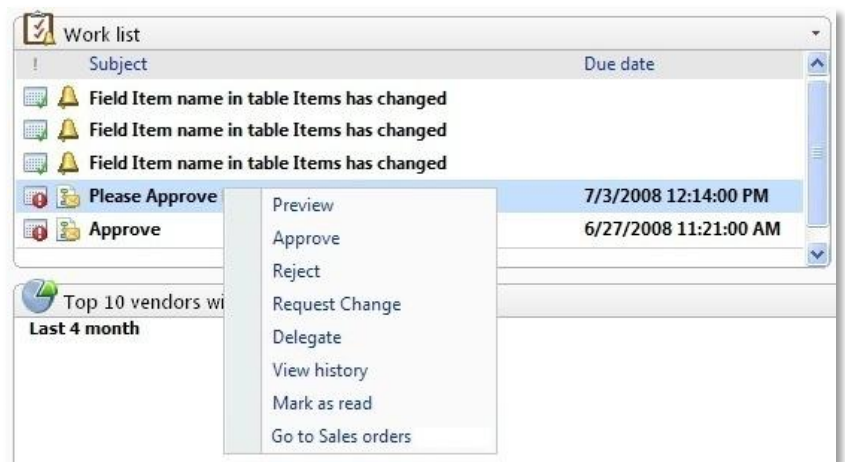
Crediting the Customer for the returned item is where another area of new functionality introduced in Microsoft Dynamics AX2009 can be used.

## Workflow Enabled

A workflow can be set-up to control the Approval Process to ensure that the Credit is processed efficiently according to the business process adopted by the Supplier. The Illustration opposite shows a typical process where the Sales Office processor creates the Credit Note as a Task. The Approval Process has been set-up with the first step being that the Sales Office Supervisor must approve all Credit notes irrespective of the value, if the value of the credit note is below £1,000 the Task is completed successfully. The next approver is determined by the value of the Credit note, if it is between £1,000 and £1,999 the Sales Office Manages must approve and if it is above the Sales Director must approve.



Approvals can have different outcomes, Approve, Reject, Request Change or Delegate.



In conclusion utilising the new Return Management functionality in Microsoft Dynamics AX2009 will allow the Sales Returns activities of your business to be handled in a controlled and efficient manner.

Further features are the ability to produce Reports to measure the effectiveness of your returns processes in the following way

- To determine the volume of returns for a given period and how it is distributed over items and customers
- To measure the time that is spent on handling customer returns
- To judge if the return process is well managed or uncontrolled

Introducing an efficient and controlled environment in which to operate your Customer Returns processes, can help to eliminate obstacles such as retention of due Customer Invoices, delays in Customers placing new orders and reductions in customer/supplier relationships.

## Neustro

*About Neustro: Neustro are the business systems experts - design, implement, manage and support IT for business – from e-mail to ERP. From one-off projects to a complete outsourced service. Neustro are specialists in Microsoft Dynamics AX and Infor Baan.*