

# Fighting Unfair Chargebacks Through Photographic Proof



Speakers



**Load Proof**  
Image Enable Your Supply Chain



**LOADPROOF - CSCMP INNOVATOR AWARD FINALIST**



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When it comes to settling disputes over damaged or inaccurate loads, the proof is in the picture.

Sealed Air Corp. was experiencing a serious problem with chargebacks. Ostensible reasons for the customer-imposed fines included missed delivery targets, improper labeling, incorrect numerical identification of product, pricing errors and shipment shortages.

Customer complaints were becoming all too common. An entire truckload, carrying \$80,000 worth of product, might be rejected because of one instance of incorrect packaging. A single misplaced label could prompt the receiver to knock \$20,000 off the invoice.

Yet there was no way of telling whether the error in question was the fault of Sealed Air, or the result of mishandling or other errors by the customer. "We were stuck in the middle," said Rick Olson, executive director of logistics for North America.

Sealed Air is a packaging company serving the food and consumer products industries. Its biggest claim to fame is probably the invention of Bubble Wrap. Revenues are in the neighborhood of \$4.6bn.

Even an organization of such size can feel the pain of customer chargebacks, especially when they're not the fault of the shipper. A survey by Gartner found that chargebacks accounted for up to 13

percent of retail account revenue – a windfall that was being supported by suppliers. And those fees are on the rise. So for Sealed Air, a new and workable solution was needed.

Taking a photograph of the load is an obvious way to chronicle its condition and provenance. But in a large distribution center, it can be difficult to locate the relevant picture at a later date. (Claims can arise weeks or even months after the fact.) Most warehouse operations lack the staff and technology needed to archive thousands of photos that can be easily retrieved on demand.

Sealed Air sought help from its logistics provider, Kenco Logistics Services, along with experts from Kenco Innovation Labs. Together they came up with a prototype for a cloud-based app that could enable rapid searches of visual documentation. They partnered with software vendor Smart Gladiator LLC to convert the prototype for commercial use.

### **The First Steps**

Kenco's first step was to interview multiple customers to determine how they were handling the chargeback problem. Turns out that every facility was equipped with digital cameras, taking at least 50 pictures per load, according to Kristi Montgomery, Kenco's vice president of innovation, research and development.

All of those images were being downloaded and stored, but it was taking between two and four days of clerical time to retrieve them – provided they were found at all. There was no central image repository, and photos lacked a naming convention by which they could be easily identified. Often the frustrated shipper would have to accept the chargeback, simply because it couldn't come up with the right image in a timely fashion.

Kenco put together focus groups consisting of warehouse employees, in order to garner feedback on what kind of solution was needed. Working with five of its largest customers, including Sealed Air, it came up with a prototype in 90 days.

The result was LoadProof, an image-capture app that runs on Apple and Android mobile operating systems. It allows workers to capture pictures, upload them to the cloud, and maintain a centralized source of storage and supporting information, for ease of searchability. "It provides real-time visibility," said Montgomery.

Kenco opted to outsource development of the actual software to Smart Gladiator. "That's not our core business," noted Montgomery. "We chose to go to market and find the right person [for the job]."

The development process moved forward quickly. The idea was generated in January of 2016. Focus groups and prototyping were put into place in February; piloting and provisional patenting occurred between March and May; outsourcing and development ran from June to December, and the app was made available for final testing and public release by the early weeks of 2017.

Accessible via smartphone, the app is fully customizable to the user's site, said Puga Sankara, principal with Smart Gladiator. Uploaded photos can be keyed to any system of numbering, and are easily shared. They can be e-mailed directly from the website to any party requiring proof of a load's integrity at the time of receipt.

Users log into the dashboard and locate specific photos through search fields, tied to load, SKU, date range and other key data. Once a photo or batch of photos is located, a single click drills into the detail of the image.

### **A Dramatic Result**

The app captured more than 500 pictures in its first two months of deployment. For Sealed Air, the results were dramatic. Its site saw a 95-percent reduction in customer complaints, translating into an estimated \$10,000 in cost savings for that one location alone. According to the partners, the solution provided transparency for everyone in the supply chain, including the distribution center, end customers, Sealed Air personnel, customer service reps and carriers.

Additional benefits included a 75-percent reduction in the cost of research labor, and improved compliance through the avoidance of over, short and damaged (OS&D) issues. Mostly importantly, Sealed Air said, the app has resulted in "significantly" improved customer satisfaction levels.

Four months into market availability, LoadProof was yielding cost savings of \$20,000 on documentation, \$10,000 from DEA compliance fine avoidance, \$5,000 worth of reduced fines for trailer damage, and 20 percent savings in in-freight claims, according to Kenco.

Today, because of the app's ability to accurately assess the condition of loads, Sealed Air's customers think twice before submitting claims. And the company is able to maintain margins that would otherwise be challenged by unfair chargebacks.

"We can solve the condition of any product from the moment it leaves the manufacturing floor to its arrival at destination," said Montgomery. Customers, meanwhile, can better identify their own upstream issues related to the handling of incoming shipments.

The full acceptance of LoadProof hasn't happened without obstacles. Users need Wi-Fi access or cellular data in order to enable real-time communication, said Montgomery. Shippers can be averse to push back on complaining customers during periods of soft demand. And claims staff can be reluctant to adopt the tool, fearing that their jobs are threatened. Nevertheless, developers hope the app's ease of use, coupled with free downloading and installation, will prove attractive to the market.

Enhancements to LoadProof are in development. Kenco and Smart Gladiator are working to include application programming interfaces (APIs) for integration with transportation management system (TMS) software. They're also planning to add fixed-mount capture, indoor positioning and video capabilities.

LoadProof's basic capabilities have already made a dramatic difference in Sealed Air's logistics costs and customer relationships. "We all know," said Sankara, "that a picture is worth 1,000 words."

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Smart Gladiator helps Retailers, Distributors and Logistics Service Providers mobile enable their Supply Chain & Operations processes. Unleash the productivity of your operators, supervisors & Managers with Smart Gladiator Wearables, Tablets & Apps. Not only does Smart Gladiator Mobile Eco System contribute directly to bottom line by saving at least 10% in labor costs, but it also makes the work life and morale of associates much better by engaging workers with the latest, fastest technology, and by providing mobile capabilities such as texting, face-timing, video based training, picture sharing for better collaboration in an operations setting.

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