

Comprehensive Analysis of Operational Issue Resolution Procedures

I. Executive Summary: Operational Framework and Policy Mandate

The issue resolution procedures are managed through a fundamentally bifurcated operational framework dictated by the source of fulfillment. This report details the structured approach to handling seven primary categories of customer issues—ranging from transit damage and loss to internal fulfillment errors, defective goods, and expired products—across the two distinct fulfillment paths: the **Vendor (drop ship order)** channel and the **DK Hardware (internal stock)** channel.¹ The procedural variance between these paths determines the required documentation, claims authority, processing speed, and the specific personnel involved in the resolution lifecycle.

A. Operational Framework: The Dual-Path Resolution Model

The resolution framework is strategically designed around the fulfillment method. The Vendor (drop ship order) path necessitates engagement with external parties, involving claim submission to the vendor, negotiation of credit, and dependency on external investigation timelines. This pathway requires dedicated resources, such as Razel, to manage the external vendor interface and secure financial reconciliation.¹ In contrast, the DK Hardware (internal stock) path utilizes internal resources, including warehouse personnel (Marina and Elina) for inventory checks and physical handling, and relies on internal process filters (e.g., "All claims to be filed") for claim initiation and logistics management.¹

The inherent difference in control necessitates distinct procedural pathways. Issues originating from drop ship orders are intrinsically subject to external variables, which often results in a significant procedural lead time, as resolution is conditional on variables such as the vendor confirming that the package is lost and credit being issued.¹ This structural

dependency on third-party financial reconciliation dictates an extended Customer Wait Time (CWT) for drop-shipped items compared to internally controlled resolutions, which can frequently be processed immediately upon confirmation of fault or carrier proof.¹

B. Foundational Mandate: Credit Recovery and Financial Control

A non-negotiable, systemic policy mandate governs all interactions related to issue resolution: DK staff must **"Always advise supplier that we are looking for credit only"**.¹ This mandate is central to the operational strategy, underscoring a strategic preference for financial recovery via vendor credit memos over complex return logistics or merchandise exchanges. This process effectively minimizes inventory exposure, reduces logistical expenditure, and places the emphasis squarely on institutional loss control and securing financial recovery from the responsible party.

C. Segregation of Duties and Control Points

Operational integrity and financial prudence are maintained through a stringent segregation of duties among key personnel:

- **Razel** functions as the external claims management authority, handling vendor claims and issuing Vendor Return Merchandise Authorizations (RMAs).¹
- **Ksenia** serves as the primary financial and procedural control gate, maintaining mandatory approval authority over all replacement orders and vetting high-value return logistics.¹
- **Marina and Elina** constitute the physical logistics and Quality Control (QC) team, responsible for internal warehouse investigation, inventory correction, and assuring the accuracy of replacement shipments.¹

This structure ensures that discretionary expenditure—such as the cost of a replacement order or the expense of a prepaid return label—is authorized only after procedural compliance and fault determination have been verified by a responsible control point, thereby mitigating financial risk.

II. Foundational Claim Initiation Protocols (Universal

Requirements)

Initiating any resolution procedure, regardless of fault or fulfillment source, requires mandatory preliminary steps focused on evidence collection and accurate categorization.

A. Standardized Initial Triage and Documentation

A standardized protocol dictates the first action for all seven issue types, spanning damage, defects, and fulfillment errors. The staff is required to **request images for items and box and add notes on the order.**¹ This photographic and written evidence serves as the procedural foundation for subsequent claims submissions, vendor negotiations, and internal fault analysis. This documentation ensures that external parties (vendors or carriers) cannot easily deny liability based on lack of proof.

B. LTL Freight Specific Documentation Requirements

For "Damage - package received" claims involving Less-than-Truckload (LTL) freight, the required evidence collection is significantly enhanced due to the heightened complexity of carrier liability laws. The team must obtain a **copy of the BOL (Bill of Lading)** and confirm with the customer whether the **shipment was signed for and if damage was noted to the driver.**¹

This mandatory requirement for LTL documentation is not merely an internal administrative step; it is a critical compliance measure that determines the viability of the carrier claim. If the BOL is missing or if damage was not noted upon signing, liability often shifts away from the carrier and potentially onto the shipper (DK or the vendor). By embedding the BOL and signature check into the standard operating procedure, the organization proactively addresses potential claim denial reasons stemming from inadequate freight acceptance protocols, thereby safeguarding the financial recovery objective.

C. Defining "Lost Package" Eligibility

A stringent time threshold governs the initiation of claims for lost packages to prevent premature claims filing based on routine transit delays. A package is formally **considered lost and a claim can be filed only if tracking has not updated for more than a week.**¹ If the tracking status is within this window, the customer must be advised to wait a few more days for delivery, optimizing resources by postponing claim initiation until genuine loss is likely.

D. Initial Reporting Methods and Channel Differentiation

The mechanism for reporting the issue diverges based on the fulfillment party, establishing different queues and required external documentation.

For **Vendor (Drop Ship Order)** claims, the issue must be reported to **Razel for vendor claim to be filed.**¹ Razel is subsequently responsible for creating the **Vendor RMA** upon report for most issues, formalizing the external recovery request.¹

For **DK Hardware (Internal Stock)** claims, the reporting protocol involves adding the internal process tag/filter "**All claims to be filed**".¹ This action triggers internal claims processing pathways, eliminating the need for external RMA generation unless the issue is escalated to the vendor (e.g., higher value incomplete item).¹

Specialized Reporting Exceptions

The process flow includes specific exceptions for certain vendors and carriers:

- Vendors such as Glass Warehouse, Future Glass, and True Value that ship under DK's account are exceptions to the standard vendor claim process, as DK is considered the shipper in these instances.¹
- USPS First Class Mail is noted as an exception to standard reporting.¹
- R&L carriers claims are handled specifically by **Marina Toichkina.**¹

The necessity to assign specialized personnel like Marina Toichkina for R&L claims or the specific contact for USPS suggests that these carrier relationships or claims procedures are not efficiently accommodated by the general claims system (Razel or the internal filter), thus requiring specialized knowledge and relationships for effective claim resolution.

III. Resolution Modules: Logistics and Transit Failures

Issues categorized under logistics and transit failures—including package damage, in-transit damage, and lost packages—rely heavily on external confirmation (carrier proof or vendor credit) before definitive action can be taken.

A. Damage – Package Received (Conditional Return Required)

This category addresses physical damage discovered upon receipt, where the fault is not explicitly confirmed by the carrier as in-transit damage. The decision to process a replacement or refund is highly conditional, particularly for drop ship orders.

Aspect	Vendor (Drop Ship Order) ¹	DK Hardware (Internal Stock) ¹
Wait Mandate (Option 1)	Replacement waits until investigation is completed and credit received from vendor.	Only proceed immediately if tracking confirms "damaged in transit." Otherwise, check return necessity.
Return Requirement	Vendor provides label if return is needed.	Rarely required. If needed, consult with Ksenia before replacement/refund is processed.
Expedite Option	Customer places a new order; payment is refunded upon receipt of vendor credit.	N/A (Immediate processing applies if proof exists).
No Return Approval (Option 2)	Replacement entered immediately upon Credit Memo issuance. Ksenia approval required.	Replacement entered immediately upon Credit Memo issuance. Ksenia approval required/advised.

For DK Hardware stock, the default stance on damaged goods is to rarely require a return. If a return is deemed necessary, Ksenia must be consulted before replacement or refund processing.¹ This procedural approach suggests an internal determination that the logistics cost and administrative overhead of returning damaged inventory often exceed its recovery value, illustrating a streamlined approach to waste management and prioritizing operational efficiency.

When a customer of a drop ship order is unwilling to wait for the vendor investigation and credit process to conclude, they can choose the Customer Expedite Option: placing a new, paid order. The customer is subsequently refunded for this replacement order upon DK receiving credit from the vendor.¹ This mechanism mitigates the impact of the procedural lag inherent in the vendor-dependent claims cycle.

B. Damaged in Transit (Immediate Resolution Permitted)

This process represents the fastest resolution path for transit-related issues, as the evidence of fault is immediately verifiable through carrier records.

The **Key Trigger** for this path is tracking information that explicitly states the shipment was damaged in transit OR the package was refused by the recipient.¹

Crucially, DK can exercise a **Procedural Bypass**: the organization **does not need to wait** for the claim to be approved if proof exists from the carrier that the shipment was damaged and/or refused.¹ This immediate confirmation of carrier liability allows for the immediate processing of a replacement or refund.¹ In all cases, the replacement order number must be provided to Ksenia for mandatory approval.¹

C. Lost Package (Address Validation and Carrier Trace)

Resolution for a lost package is strictly conditional on two main prerequisites: confirming the shipping address accuracy and confirming the loss itself.

1. **Precondition and Liability:** The first step requires confirming the accuracy of the shipping address with the customer. If the customer entered an incorrect address, they assume liability and are responsible for placing a new order.¹ Additionally, the package must meet the definition of "lost," meaning tracking has been stale for over one week.¹
2. **Carrier Filing Specifics:** The claim authority differs by fulfillment channel and carrier

type.¹

- For the Vendor (Drop Ship) path, Razel handles reporting to the vendor for claim filing. If the package shipped via FedEx or UPS, Razel is asked to file the claim directly, and a Vendor RMA is created.¹
 - For the DK Hardware path, the filter "All claims to be filed" is added. If the package shipped via USPS, the organization utilizes a specialized liaison, **Adriana (our USPS rep)** at Adriana.Bedoya@usps.gov, requesting that she trace the package.¹
3. **Resolution Criteria:** Replacement or refund can only be processed once definitive confirmation of the loss and credit is secured.¹ For vendor orders, this occurs once the **vendor confirms the package is lost and credit will be issued**. For DK stock, this occurs if the **package is confirmed as lost by the carrier and the claim is approved**.¹ Ksenia's mandatory approval is required for all replacement orders entered.¹

IV. Resolution Modules: Fulfillment and Quality Failures

Fulfillment failures—which include incorrect items, missing components, defective products, and expired stock—require an internal fault analysis to determine whether the liability rests with the warehouse, the data (website listing), or the vendor.

A. Item is Incomplete / Missing Items (Inventory vs. Vendor Shortage)

If a customer reports missing components or items after all packages have been opened, the initial assessment must distinguish between an internal warehouse fault (a missed component) and an external vendor short shipment.

Internal Fault Determination (DK Stock)

For DK Hardware stock, if items or components are still missing, the issue is escalated internally to **Marina or Elina to check if missing items were left behind in the warehouse**.¹

- **Missing Components Resolution:** If Marina or Elina locate the missing component, it is

immediately shipped to the customer (Option 1). For higher value items, Razel is used to report the issue to the vendor as "supplied incomplete" (Option 3). Low value items (under \$10) can usually be replaced/refunded as a courtesy (Option 2).¹

- **Missing Items Resolution:** If Marina or Elina find the missing item, stock is corrected and a replacement order is entered (Option 1).¹

Vendor Fault Determination (Drop Ship Order)

For vendor issues, Razel is reported to for a vendor claim to be filed.¹ If the product was shorted (billed complete but missing part of the order), the vendor is asked to send the shortage at no cost to DK (Option 1).¹

B. Wrong Product Shipped (Fault Analysis and Liability)

The procedure for "Wrong product shipped" centers on a mandatory, detailed fault analysis conducted through website listing comparison.

1. **Website Listing Comparison:** The team must compare the DK website listing to the vendor's listing and to what the customer actually received to ensure the DK listing is correct.¹ This step is crucial, as it determines which party bears financial liability.
2. **Scenario 1: Vendor Fault (Correct Listing):** If the DK listing is correct and matches the vendor's listing, but the wrong item was received, Razel is asked to report to the vendor.¹ This follows the standard Option 1 resolution flow (vendor needs item back/wait for credit).
3. **Scenario 2: DK Fault (Website Listing Error):** If the DK listing is wrong (it does not match the vendor's listing), the liability shifts entirely to DK due to a **website error**.¹ This issue must be reported immediately in the **Urgent Listing Issue chat group**.¹ A critical procedural note exists here: replacement orders are likely **not possible** because all current inventory likely matches the incorrect listing.¹ This indicates that website data integrity failures carry high financial liability, often resulting in permanent, unsalvageable inventory loss.
4. **Scenario 3/4: DK Fault (Mispick/Inventory Mix-up):** If the customer received a completely different item, suggesting a warehouse mispick or package mix-up (DK error), Marina is asked to check and correct warehouse inventory.¹ Resolution follows the internal high-value or low-value protocols. For higher value items, Marina provides a prepaid return label. Critically, the replacement order must contain a special Quality

Control (QC) note: "**BRING TO ELINA to ensure correct item is shipped**".¹

This manual integration of the replacement order into Elina's workflow establishes a mandatory QC feedback loop. This procedural step is designed to prevent the immediate recurrence of the warehouse failure (e.g., ensuring the item is pulled from the correct bin location or that the label mismatch is resolved) before the replacement is sent to the customer.

C. Product Quality: Defective and Expired Goods

These quality issues share a similar claims structure, focusing on warranty evaluation and return necessity.

- **Claim Filing and Warranty:** Initial documentation must include images of items, the box, and, for expired goods, the expiration date.¹ The issue is reported to Razel for a vendor claim under warranty. The process includes a significant caveat: vendor warranty approval is **not guaranteed and is subject to review**.¹
- **High-Value Return Authorization (DK Stock):** For both defective and expired items in DK stock, if the item's value is over \$10 (unless oversized) and a return is required, Marina will request the return label. However, this request **must be run by Ksenia first**.¹ This procedural check confirms a layered financial protection strategy where both the cost of replacement (Ksenia's mandatory approval) and the expense of reverse logistics (Ksenia's label authorization) are vetted by the control gate, mitigating operational expenditure on non-recoverable assets.
- **Expired Stock Differentiation (DK):** If an expired item was shipped from **old stock** (meaning there are no recent vendor orders to report the issue under), replacement or refund can be processed **right away** (Option 3). Similar to mispicks, the replacement must carry the QC note: "**BRING TO ELINA. CHECK EXP. DATE**" to ensure that an item with adequate shelf life is shipped.¹
- **Warranty Denial:** Should Option 3 (Warranty denied) be reached, the reason for the denial must be formally **reviewed with the customer**.¹

V. Personnel Accountability, Controls, and Escalation

Operational efficiency relies on clearly defined roles and delegated authority, particularly

concerning claims, financial authorizations, and physical inventory management.

A. The Claim Filing Authority and Channel Specialists

- **Razel:** Functions as the primary central claims initiator. Razel handles filing vendor claims for all standard issues (Damage, Lost, Incomplete, Defective, Expired) and specifically files FedEx and UPS claims for lost packages.¹ Razel also creates the formal Vendor RMA documentation necessary for external reconciliation.¹
- **Marina Toichkina:** Possesses specialized authority for filing R&L carriers claims (likely LTL damage issues involving DK stock).¹
- **Adriana:** Serves as the specialized carrier liaison, specifically tasked with contacting USPS to trace lost packages shipped via that carrier.¹

B. The Financial and Procedural Control Point (Ksenia)

Ksenia's role is that of a mandatory financial control gate, ensuring fiscal responsibility before major operational costs are incurred.

- **Mandatory Replacement Approval:** Ksenia's approval is required for all replacement orders stemming from transit failures (Damaged in Transit, Lost Package) and when a vendor approves a "no return" credit.¹
- **Return Logistics Vetting:** Ksenia must be consulted if a damaged item in DK stock needs to be returned.¹ Crucially, she must pre-authorize high-value return label requests (> \$10) generated by Marina for issues such as Expired or Defective goods.¹ This requirement ensures that expenditure on return logistics, which can be considerable for high-value or oversized items, is subjected to management review.

C. The Inventory, Logistics, and QC Team (Marina & Elina)

Marina and Elina manage the physical operational pipeline, particularly for DK stock errors. Their functions establish a clear hierarchy for fault determination: internal inventory integrity must be ruled out before liability is externalized or complex returns are initiated.

- **Warehouse Fault Investigation:** They are the primary contact point for investigating

missing items/components, ensuring that the issue is not merely a misplacement within the warehouse.¹

- **Inventory Correction:** Marina manages the checking and correction of stock levels when mispicks occur or when expired stock is identified.¹
- **Return Label Generation:** Marina generates prepaid return labels for high-value DK errors.¹
- **Elina's QC Mandate:** Elina is assigned a mandatory Quality Control role. The "BRING TO ELINA" note ensures physical verification of replacements for Wrong Product and Expired items, manually checking the fulfillment to prevent immediate recurrence of warehouse picking or stock rotation failures.¹

Table 1: Personnel Accountability Matrix and Functional Role

Personnel	Primary Function Category	Key Responsibilities (Specific Tasks & Context)
Razel	External Claims Management (Vendor/RMA)	Filing vendor claims (all types); Creating Vendor RMAs; Reporting "supplied incomplete" (higher value DK); Filing FedEx/UPS claims (Lost Package).
Ksenia	Financial/Procedural Control Gate	Mandatory approval for all replacement orders; Consultation on return necessity for damaged items; Final authorization for high-value return label generation (run by Ksenia first).
Marina	Internal Logistics/Inventory Management	Checking for missing items/components in warehouse; Correcting DK inventory (Wrong Product, Expired); Generating prepaid return labels (> \$10); Filing R&L carriers claims (Marina Toichkina).

Elina	Warehouse Operations & Quality Control	Checking for missing items/components in warehouse; Mandatory QC check (via "BRING TO ELINA" note) for replacements of Wrong Product and Expired items.
Adriana	Specialized Carrier Liaison	Contact for tracing packages shipped via USPS (Lost Package).

VI. Standardized Resolution Outcomes and Financial Criteria

The delivery of a replacement or refund is tightly controlled by defined financial criteria, including strict conditions for processing and a formalized policy governing low-value item management.

A. Conditions for Replacement and Refund

The entry of a replacement order or the processing of a refund is conditional upon specific triggers that confirm fault and/or financial recovery:

1. **Credit Issued:** The primary trigger for vendor-dependent resolutions (e.g., Damage, Lost Package) is the documented issuance of credit by the vendor.¹
2. **No Return Credit Approval:** When a vendor approves a "no return" credit (Option 2), replacement can be entered immediately upon Credit Memo (CM) issuance, with the item pricing set to \$0.¹
3. **Carrier Proof:** For Damaged in Transit issues, carrier proof (tracking status) is sufficient to bypass the claim approval wait time and allows immediate action.¹
4. **Internal Inventory Confirmation:** For DK stock issues (Missing Items, Expired Old Stock), replacement is triggered immediately once internal confirmation of viability is achieved (e.g., item found by Marina/Elina, or confirmation item is from old stock).¹

B. The Low-Value Item (\$10) Policy: Courtesy Resolution

A critical mechanism for operational efficiency is the policy governing low-value items.

- **Policy Threshold:** Items valued **under \$10**.¹
- **Action:** Replacement or refund can be processed **without return**, designated as a courtesy resolution.¹

This policy is applied consistently across DK Stock issues related to Incomplete, Wrong Product, Expired, and Defective items.¹ This operational decision suggests that the fully loaded cost associated with processing a return (including administrative time, label cost, inspection, and inventory reconciliation) is determined to be greater than \$10. By implementing this courtesy resolution threshold, the organization minimizes administrative touchpoints, eliminates shipping expenses, and provides rapid customer resolution, effectively trading the marginal cost of goods for enhanced operational efficiency and customer retention.

C. High-Value Return Protocols (Over \$10)

For items exceeding the \$10 threshold, a return is generally required unless the vendor explicitly approves a "no return" credit or the item is oversized, making freight costs prohibitive.¹ The procedural flow for required returns on high-value DK stock (Expired/Defective) is centralized through Marina for label generation, subject to Ksenia’s authorization, reinforcing the layered financial control mechanisms.¹

Table 2: Resolution Outcome and Conditional Trigger Summary

Issue Type	Fulfillment Path	Required Condition for Resolution	Mandatory Action/Vetting
Damage - Package Received (Option 1)	Vendor	Investigation completed AND Credit received from vendor.	Customer Expedite Option available if unwilling to wait.

Damage - Package Received (Option 2)	All	Vendor approves no return credit (Credit Memo issued).	Ksenia approval required for replacement.
Damaged in Transit	All	Proof from carrier that shipment was damaged/refused.	Immediate resolution; Ksenia approval required for replacement.
Lost Package	Vendor	Vendor confirms package is lost AND Credit will be issued.	Ksenia approval required for replacement.
Lost Package	DK Hardware	Package confirmed lost by carrier AND Claim is approved.	Ksenia approval required for replacement.
Item Incomplete (Missing Component)	DK Hardware	Marina/Elina find component (shipped immediately).	N/A (Internal finding).
Item Incomplete (High Value)	DK Hardware	Vendor needs item back OR Vendor approves no return credit.	If return: DK provides label; Replacement upon receipt.
Wrong Product Shipped (DK Mispick)	DK Hardware	Marina corrects inventory/provides label for return.	Replacement must be flagged "BRING TO ELINA" for QC.
Expired / Defective (> \$10)	DK Hardware	Vendor needs item back OR Vendor approves no return credit.	Marina label request run by Ksenia first.
Expired (Old Stock)	DK Hardware	Item shipped from old stock (Internal	Immediate resolution;

		confirmation).	Replacement must be flagged "BRING TO ELINA" for QC.
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VII. Procedural Exceptions and Systemic Recommendations

The operational design must account for specific procedural exceptions and continuously evolve based on systemic observations related to efficiency and financial exposure.

A. Inventory of Procedural Exceptions

1. **DK Shipper Status:** A notable procedural exception involves vendors such as Glass Warehouse, Future Glass, and True Value. Although these are drop-ship vendors, they ship under DK's account, meaning DK is procedurally considered the shipper.¹ This shifts the claim responsibility internally, requiring DK to handle the carrier claims rather than relying on Razel to file the claim with the vendor.
2. **Non-Standard Mail/Carrier:** Certain carriers are explicitly excluded from the standard Razel/internal filter pipeline. This includes USPS First Class Mail and R&L carriers, which require specialized contacts (Adriana and Marina Toichkina, respectively).¹ This specialization is necessary because the claims or tracing procedures for these specific carriers are likely less automated or integrated into the general operational systems.
3. **Oversized Items:** Oversized items are implicitly recognized as an exception to standard high-value return protocols (e.g., when authorizing Marina's label request over \$10).¹ The significant freight costs associated with oversized goods often lead to a greater likelihood that the vendor will approve a "no return" credit, rendering the physical return uneconomical.

B. Systemic Observations and Recommendations

Vendor Performance and Cycle Time Analysis

The primary constraint on customer satisfaction for drop ship orders is demonstrably the vendor's claim and credit processing time, which dictates the resolution lag. An essential requirement for optimizing the operational system is the establishment of Vendor Performance Metrics (VPMs). This measurement must track the cycle time between Razel's initial reporting date and the date of Credit Memo issuance. Quantifying this metric would allow management to identify vendors whose protracted financial reconciliation processes disproportionately increase CWT and financial exposure.

Auditing Quality Control Integration

The manual injection of Quality Control (QC) via the "BRING TO ELINA" requirement for critical replacement orders (Wrong Product Shipped due to mispick, or Expired Old Stock) is a critical operational safeguard.¹ This process creates a necessary feedback loop to prevent immediate recurrence of warehouse failures. The procedural value of this step necessitates a focused Quality Assurance audit program to verify that physical QC checks are consistently performed on all replacements bearing this instruction, thereby ensuring the effectiveness of this manual error prevention system.

Prioritization of Digital Listing Accuracy

The analysis highlights that website listing errors result in the issue becoming **DK's responsibility** and often leads to the inability to replace the item, as all available stock matches the incorrect listing.¹ The designation of this fault as a high-liability systemic failure requires that resources dedicated to managing the "Urgent Listing Issue chat group" be prioritized. Maintaining data integrity in the digital listings is paramount for preventing systemic fulfillment flaws that result in unavoidable inventory loss and significant customer dissatisfaction.

Report Conclusion:

The comprehensive issue resolution matrix establishes a robust, highly centralized control

system focused on minimizing financial risk through mandatory credit recovery mandates and layered procedural approvals. The analysis confirms a structural trade-off in the operational model: while internal stock issues permit rapid, immediate resolution upon proof, drop-ship issues necessitate inherent procedural lags due to external dependencies on vendor investigation and credit reconciliation. Procedural compliance is maintained through strict documentation requirements and specialized delegation of authority, particularly regarding financial approval (Ksenia) and physical quality control integration (Marina/Elina). Ongoing systemic improvements must focus on minimizing the CWT gap for vendor-dependent claims and enforcing data integrity standards to mitigate the high financial exposure associated with internal website listing errors.

Works cited

1. Issue resolution .xlsx