



**The Warehouse Limited**

# ***Auto Re-order Supply Specifications***

*For*

**New Zealand Suppliers**

**Version 1.00  
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## **1. Purpose of Document**

This document provides details of the operation of The Warehouse Limited's auto re-order supply system for New Zealand suppliers.

This document is a subsidiary document to The Warehouse Limited's terms of trade document and all clauses of the terms of trade document must be adhered to.

These requirements are mandatory and must be adhered to, except where specifically agreed by The Warehouse Limited.

Failure to comply with these requirements could result in delays in payment, financial penalties or the cancellation of orders.

## **2. Exclusions and Alterations**

The terms and conditions in this document shall prevail over, supersede and exclude any inconsistent terms and conditions contained in or referred to in a Supplier's quotation, acceptance of any order or correspondence or elsewhere. No addition to or variation of or exclusion of these conditions shall be binding upon the buyer unless confirmed expressly and specifically in writing to the supplier by a Merchandise Manager from The Warehouse Limited.

This document covers the auto re-order supply system for The Warehouse Limited only, and specifically excludes Warehouse Stationery and The Warehouse (Australia) Limited.

## **3. Description of System**

The Warehouse Limited orders a substantial volume of its core product ranges from local New Zealand companies, using an automated re-order system, known in-house as auto re-order.

The Auto Reorder system is Rate of Sale based, and will reorder pre-selected product items for delivery to each individual store within the company (FIS), or to our distribution centres (FID).

## **4. Precepts of the Auto Re-order Process**

The Warehouse Limited maintains its stock levels using a 'just in time' (JIT) ordering system. Stock levels for each store are maintained by 'on line' receipting of stock at each store inwards goods and the automatic overnight update of sales.

The Auto Re-order team is responsible for keeping The Warehouse Limited stock holding to a minimum without impacting the sales. To do this we must ensure that the stores do not sell out of stock before the reorders arrive and that we maximise sales potential by maintaining a good display of the product. To achieve this, the Auto Re-order team assists the product buyers with frequent analysis of stock levels, ordering and sales trends plus Suppliers' delivery performance.

Suppliers are sorted into two categories that reflect the process of picking and despatching stock to The Warehouse Limited.

- Solid Pack suppliers. Where we purchase full cartons of all products.
- Pick and Pack suppliers. Where we purchase products in units and the supplier ships products (barcodes) mixed in one or more cartons.

## 5. Overview

Orders are automatically created by a report that is run by The Warehouse Limited. It calculates which products, individual stores or distribution centres need to re-order to maintain the calculated minimum stock holding level. The indicative order quantities the auto-reorder report produces are based on sales information which has been uploaded from the stores, or a change in stock holding for the distribution centres.

The Warehouse Limited JIT ordering means stocks are maintained in the stores at a calculated level which is based on one to three times the average weekly rate of sale. These levels are ramped up and down to provide for promotional and seasonal activity.

For Just –In–Time replenishment to work effectively requires:

- > Efficiency
- > Prompt action
- > Good communication.

It is vital that we have constant flow of information between the auto re-order team, the product buyers and suppliers.

## 6. Basic Steps of the Auto Re-order Procedure

1.	<p>Reports (auto re-order report) indicating products and quantities to be ordered are generated automatically up to five times per week, overnight between 11.00pm and 2.30am. These reports are the suggested orders. The reports are run on the following mornings:</p> <ul style="list-style-type: none"> <li>&gt; Monday</li> <li>&gt; Tuesday</li> <li>&gt; Wednesday</li> <li>&gt; Thursday</li> <li>&gt; Friday</li> </ul> <p>These reports (request to supply) are then automatically faxed or emailed to suppliers. The supplier is requested to check their inventory against the request and then fax/email the summary back to the purchasing department indicating any products that they may not be able to supply in full and the date full delivery could be made.</p>
2.	<p>Once the reports have been run, they are available to the product buyer. Each buyer has the opportunity to check their orders for the following:</p> <ul style="list-style-type: none"> <li>&gt; Correct products ordered</li> <li>&gt; Total quantities are in line with sales or anticipated sales</li> <li>&gt; Correct carton sizes</li> <li>&gt; Correct minimum \$ order values</li> <li>&gt; Correct cost prices</li> </ul>
3.	<p>The reports are then created by supplier; in some cases several buyers will have products on auto re-order from one supplier.</p> <p>Any changes requested or instructions regarding any suggested order from the product buyers are actioned before the order status is updated to pending. This may result in different quantities to those automatically faxed to the suppliers in the “request to supply”.</p>
4.	<p>Orders are then confirmed on the computer systems and faxed automatically through a fax gateway to the supplier.</p>

## 7. Free into Store (FIS) Orders

These terms of trade are used when product is to be delivered direct to our retail outlets for sale.

The following steps will be taken in our ordering process:

1.	The Supplier will receive by fax or e-mail a <u>request to supply</u> , which is a summary of the products we wish to order. It will be automatically faxed to you between 03:00 and 05:00 hours.
2.	If either the full quantity can not be supplied, or if <b>no</b> stock of a barcode can be supplied, we require the Supplier to fax back the summary, indicating the quantities of each barcode that can be supplied. <ul style="list-style-type: none"> <li>➢ Please also advise us of the date that more stock will be available of any out of stocks. The product will then not be reordered until that date.</li> <li>➢ We will then adjust the order quantity to the amount advised. When the order quantity is adjusted, our computer system will perform a gap analysis that will reallocate the available stock to the stores with the greatest demand.</li> </ul>
3.	Fax back to us the <u>request to supply</u> as soon as possible on our direct fax line <b>0-9-488 3288</b> . <b><i>If every line is available just fax the first summary page with a note to say "all products available"</i></b> .
4.	On receipt of your reply we will modify the suggested order if necessary, and then update the status of the order from SUGGESTED to PENDING and then fax or e-mails back to you the purchase order number and distribution. (Distributions are only included for Pick and Pack Suppliers and Solid Pack Suppliers FIS.)
5.	When the supplier receives the purchase order with its order number, summary and distribution, you are then able to pick the stock, which you have already confirmed as available. <ul style="list-style-type: none"> <li>➢ If the Supplier is a Pick &amp; Pack Supplier our computer system will generate a unique number to identify each order/shipment/branch combination, this is referred to as a Carton Reference Number (CRN).</li> <li>➢ The CRN is not a sequential number and will be used within The Warehouse for information purposes.</li> <li>➢ The supplier will need to label each carton with the allocated Carton Reference Number (CRN) for each branch. You will find the CRN for each store displayed underneath each branch name and number on the distribution list.</li> </ul>
6.	When the stock has all been picked please notify purchasing with the details of the number of cartons you are about to despatch. <ul style="list-style-type: none"> <li>➢ This advice will tell Purchasing how many cartons you are going to despatch and also if there were any short picks.</li> <li>➢ To make this task easy for you The Warehouse Limited has prepared an Excel spreadsheet called a <u>despatch advice</u>. (A sample of the <u>despatch advice</u> at the back of this manual – this can be supplied to you electronically).</li> <li>➢ If you are a Pick &amp; Pack Supplier then please advise the number of cartons going to <b>each</b> store on the <u>despatch advice</u>.</li> <li>➢ You can e-mail (<a href="mailto:purchasing@thewarehouse.co.nz">purchasing@thewarehouse.co.nz</a>) or fax the completed <u>despatch advice</u> to purchasing at The Warehouse Limited on fax: (09) 488 3288.</li> <li>➢ On receipt of your <u>despatch advice</u> by purchasing, we will enter into our computer, the number of cartons you have told us on your <u>despatch advice</u> you will be despatching.</li> <li>➢ Only when the total number of cartons is balanced can the order be updated to CONFIRMED in our computer system.</li> </ul> <p><b>Note: Stores will be unable to receipt against an order number if you have not communicated the <u>despatch advice</u> information to purchasing.</b></p>
7.	The order can now be despatched from your premises. <ul style="list-style-type: none"> <li>➢ Upon receipt of the order we require the supplier to despatch the goods direct to the stores within 24 hours.</li> <li>➢ Goods must arrive at the stores before the latest delivery date after which the stores may not be able to receipt the goods in and may return them back to the supplier freight forward.</li> <li>➢ Delivery of goods <b>must</b> be accompanied by a Packing Slip quoting the Purchase Order number. The packing slip must clearly show the <u>barcode</u> of each product, the <u>description</u> of each product</li> </ul>

<p>and the <u>quantity</u> supplied.</p> <ul style="list-style-type: none"><li>&gt; On arrival at our stores the goods will be checked against the packing slips and receipted into the computer system within 24 hours.</li></ul> <p>Suppliers must not despatch any product displaying barcodes, which do not match the barcode numbers on our purchase order. Alternative/substituted or new barcodes must be advised using our product information form (refer to the Appendix) before an order is created. We are unable to receipt barcodes, which are not shown on the order, and we are unable to sell barcodes that have not been receipted into the database.</p> <p>Suppliers will be paid for the goods against the store receipt into the computer. The store receiving the goods will raise a request for credit against the supplier for any short deliveries.</p> <p>The Warehouse operates a "<b>NO BACKORDER</b>" policy that is strictly adhered to, any split deliveries or oversupply will be returned to the supplier freight forward. Once a store has receipted goods into the computer system against an order number and have closed off that receipt, (finished) they are prevented from re-entering the receipt or raising another receipt against the same purchase order number</p>
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### **7.1. Terminology**

The Request to Supply will include:

- > A cover sheet advising the number of pages, conditions of our order and any special messages.
- > A summary of the order, which includes the delivery dates required and payment details.

The Purchase Order will include:

- > A cover sheet advising the purchase order number, the number of pages, conditions of our order and any special messages.
- > A summary of the order, which includes the delivery dates required and payment details.
- > A distribution plan, detailing the store allocation of the goods.

The Despatch Advice is a Warehouse supplied preformatted form that you will need to use to advise the purchasing department of the number of cartons you have picked for each branch

## 8. Free into Distribution Centre (FID) Orders

These terms are used when product is to be delivered to our Distribution Centres for cross docking to our retail outlets.

The following steps will be taken in our ordering process:

1.	<p>The Supplier will receive by fax or e-mail a <u>request to supply</u>, which is a summary of the products we wish to order. It will be automatically faxed to you between 03:00 and 05:00 hours.</p> <p>The <u>request to supply</u> will include:</p> <ul style="list-style-type: none"> <li>➢ A cover sheet advising the number of pages, conditions of supply and any special messages.</li> <li>➢ A summary of the products and quantities, the delivery dates required and terms of purchase.</li> </ul>
2.	<p>If either the full quantity can not be supplied, or if <b>no</b> stock of a barcode can be supplied, we require the Supplier to fax back the summary, indicating the quantities of each barcode that can be supplied.</p> <ul style="list-style-type: none"> <li>➢ Please also advise us of the date that more stock will be available of any out of stocks. The product will then not be reordered until that date.</li> <li>➢ We will then adjust the order quantity to the amount advised. When the order quantity is adjusted, our computer system will perform a gap analysis that will reallocate the available stock to the stores with the greatest demand.</li> </ul>
3.	<p>Fax back to us the <u>request to supply</u> as soon as possible on our direct fax line <b>0-9-488 3288</b>. <b><i>If every line is available just fax the first summary page with a note to say "all products available"</i></b>.</p>
4.	<p>On receipt of your reply we will modify the suggested order if necessary. Once all adjustments have been made to the <u>request to supply</u>, the purchase order changes to a status of PENDING and the order number and distribution will be automatically faxed to you through our computer fax gateway.</p>
5.	<p>When the supplier receives the purchase order with its order number, summary and distribution, you are then able to pick the stock, which you have already confirmed as available.</p> <ul style="list-style-type: none"> <li>➢ If the Supplier is a Pick &amp; Pack Supplier our computer system will generate a unique number to identify each order/shipment/branch combination, this is referred to as a Carton Reference Number (CRN).</li> <li>➢ The CRN is not a sequential number and will be used within The Warehouse for information purposes.</li> <li>➢ The supplier will need to label each carton with the allocated Carton Reference Number (CRN) for each branch. You will find the CRN for each store displayed underneath each branch name and number on the distribution list.</li> </ul>
6.	<p>When the stock has all been picked please notify purchasing with the details of the number of cartons you are about to despatch.</p> <ul style="list-style-type: none"> <li>➢ This advice will tell purchasing how many cartons you are going to despatch and also if there were any short picks.</li> <li>➢ To make this task easy for you The Warehouse Limited has prepared an Excel spreadsheet called a <u>despatch advice</u>. (A sample of the <u>despatch advice</u> at the back of this manual –this can be supplied to you electronically).</li> <li>➢ You can e-mail (<a href="mailto:purchasing@thewarehouse.co.nz">purchasing@thewarehouse.co.nz</a>) or fax the completed <u>despatch advice</u> to the purchasing team at The Warehouse Limited. Fax. <b>0-9-488 3288</b>.</li> <li>➢ On receipt of your <u>despatch advice</u> by purchasing a second check is made by our computer to ensure that the total number of cartons in the order matches what you have told us you have physically picked. We will be entering into our computer the number of cartons you have told us on your Despatch Advice you will be despatching to each branch.</li> <li>➢ Only when the total number of cartons is balanced can the order be updated to CONFIRMED in our computer system.</li> </ul> <p>On receipt of the <u>despatch advice</u> and confirmation of the order in our system the DC will be able to accept a booking from the supplier to deliver the goods.</p> <p>Note: The Distribution Centres will be unable to receipt against an order number if you have not communicated the <u>despatch advice</u> information to purchasing.</p>

7.	<p>The order can now be despatched from your premises.</p> <ul style="list-style-type: none"> <li>➢ Delivery of goods <u>must</u> be accompanied by a Packing Slip quoting the Purchase Order number.</li> <li>➢ The packing slip must clearly show the <u>barcode</u> of each product, the <u>description</u> of each product and the <u>quantity</u> supplied.</li> <li>➢ Suppliers must not despatch any product displaying barcodes, which do not match the barcode numbers on our purchase order. Alternative/substituted or new barcodes must be advised using our product information form (refer to the Appendix) before an order is created.</li> <li>➢ We are unable to receipt barcodes, which are not shown on the order, and we are unable to sell barcodes that have not been receipted into the database.</li> </ul> <p>Suppliers will be paid for the goods against the DC receipt into the computer. The DC receiving the goods will raise a request for credit against the supplier for any short deliveries.</p> <p>The Warehouse operates a “<b>NO BACKORDER</b>” policy that is strictly adhered to, any split deliveries or oversupply will be returned to the supplier freight forward. Once a store has receipted goods into the computer system against an order number and have closed off that receipt, (finished) they are prevented from re-entering the receipt or raising another receipt against the same purchase order number.</p>
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### **8.1. Terminology**

The Request to Supply will include:

- A cover sheet advising the number of pages, conditions of our order and any special messages.
- A summary of the order, which includes the delivery dates required and payment details.

The Purchase Order will include:

- A cover sheet advising the purchase order number, the number of pages, conditions of our order and any special messages.
- A summary of the order, which includes the delivery dates required and payment details.
- A distribution plan, detailing the store allocation of the goods.

The Despatch Advice is a Warehouse supplied preformatted form that you will need to use to advise the purchasing department of the number of cartons you have picked for each branch

### **8.2. Cross Reference Number (CRN)**

Our computer system will generate a unique number to identify each order/shipment/branch combination; this is referred to as a CRN.

- The CRN is not a sequential number and its purpose is only for carton identification at the DC inwards goods area.
- The CRN will be identified at the top of each branches order requirements, beside the branch number.
- The supplier is required to create a label for each carton, which must contain the **CRN**, the **branch number** and the **branch name**.
- This label will need to be placed on two sides of each carton making it easily visible to everyone who has to handle the carton.