

VENDOR PERFORMANCE PROGRAM

Updated July 28, 2023

1. What is LCBO's Vendor Performance Program?

The program involves two key performance indicators (KPIs):

- **Order Confirmation:** Vendors must confirm receipt of a PO through the LCBO WebPO System within two (2) Business Days of LCBO's issuance of the PO. Effective April 1, 2023, failure to meet this requirement will incur a \$50 charge for each PO.
- **On-Time and In-full (OTIF):** The OTIF calculation measures if the order was Ready to Ship on Time and Received in Full. Vendors must ensure all orders are prepared in full and ready on, or before, the Request to Ship Date. Once orders are ready to be shipped, Vendors indicate Ready to Ship in Web PO or through EDI transactions. Vendors must contact the carrier to make shipping arrangements.

Vendor performance programs align with retail best practices and are proven to build resilient supply chains, mitigate supply chain disruption and ease costs. The program also supports LCBO's corporate strategies to provide excellence in customer experience and operational efficiency.

2. Is this requirement for both domestic and international Vendors?

Yes.

3. What are the implementation dates for the Vendor Performance Program?

Order Confirmation soft launch was June 1, 2022 and compliance came into effect April 1, 2023. OTIF soft launch was June 18, 2023 (beginning of Period 4) and compliance is TBD.

4. How can I see my Vendor Performance KPI results?

LCBO issues Vendor Performance Notification Emails each period that show the KPI results. Vendors can contact their Agent to get their results. Agents wishing to get on the distribution list for these Emails should contact lcboorders@lcbo.com

ORDER CONFIRMATION

5. What is the requirement for Order Confirmation?

Vendors must confirm receipt of a PO through the LCBO WebPO System within two (2) Business Days of LCBO's issuance of the PO. Effective April 1, 2023, failure to meet this requirement will incur a \$50 charge for each Purchase Order. "Business Day" means any working day, Monday to Friday inclusive, excluding statutory and other Ontario provincial government holidays, namely: New Year's Day; Family Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; and Boxing Day, and any other day which the LCBO has elected to be closed for business.

6. Why am I getting an email from WebPO saying I am non-compliant?

WebPO issues an email noting non-compliance after 2 Business Days -- WebPO does not factor in any holidays when issuing these non-compliance emails. LCBO performs our own calculations based on the requirements for Order Confirmation and the definition of Business Day. If you are non-compliant, you will be charged at the time of period billing. If you are compliant, you can disregard the system message, you will NOT be charged at the time of period billing.

7. How do I confirm a PO?

Refer to the [Web PO User Guide](#) for details, available on Doing Business with LCBO. In summary:

- Confirm from *Purchase Order List* screen: Click *Confirm* button on the PO line entry.
- Confirm from *PO Details* screen: Click *Confirm* button.

8. If I have already confirmed a PO and it gets revised, do I need to confirm it again?

No. You only confirm receipt of the PO once, within two (2) Business Days of LCBO's issuance of the PO.

9. Do I confirm order volumes?

No. You do not need to confirm order volumes.

10. What is the fee for not confirming a PO?

Fees are set out in the [LCBO Fee Schedule for Non-Compliance to Purchase Order Terms and Conditions](#).

11. How do Holidays/Extended Shutdowns impact Order Confirmation?

The only exclusion from the requirement is statutory and other Ontario provincial government holidays, namely: New Year's Day; Family Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; and Boxing Day, and any other day which the LCBO has elected to be closed for business.

12. Can you provide examples of the order confirmation windows?

- If the LCBO issues the PO on a Wednesday, you have 2 Business Days to confirm - All day Thursday and all day Friday.
- If the LCBO issues the PO on a Thursday, you have 2 Business Days to confirm - All day Friday and all day Monday.
- If the LCBO issues the PO on a Thursday and Monday is a holiday as defined in the requirements, you have 2 Business Days to confirm, excluding the holiday - All day Friday and all day Tuesday.

13. Is the compliance fee per day or per PO?

Fines are at the PO level.

14. Who pays the Order Confirmation compliance fees - Vendor or Agent?

Fees are charged to the Vendor.

15. How do I pay the fees?

Vendors receive debit/credit notices after period closes (visible in iSupplier); are applied to next order.

16. How can Order Confirmation Compliance fees be disputed?

Keep in mind that there are no exceptions to the requirement -- If you think there is an error, Agents can contact vendorperformancesupport@lcbo.com within thirty (30) days after receiving the applicable period Vendor Performance Email Notification. Include the following in the claim:

- Agent Name and Number:
- Vendor Code and Name:
- Applicable PO#:
- Date PO was issued by the LCBO:
- Date PO was confirmed on WebPO:
- Reason for Dispute:

OTIF

17. What is the requirement for On-Time and In-Full (OTIF)?

The OTIF calculation measures if the order was Ready to Ship on Time and Received in Full. Vendors must ensure all orders are prepared in full and ready on, or before, the Request to Ship Date. Once orders are ready to be shipped, Vendors indicate Ready to Ship in Web PO or through EDI transactions. Vendors must contact the carrier to make shipping arrangements.

18. When are OTIF compliance fees coming into effect and how will the fee structure work?

There are no OTIF compliance fees at this time. The LCBO continues to work on developing a fair but accountable Vendor Performance Program.


19. How do I view my OTIF results?

Effective June 18, 2023 (beginning of Period 4) LCBO will start tracking OTIF results for all vendors. After the closing of the period, OTIF results will be shown on the Vendor Performance Email Notifications.

20. How is OTIF calculated?

- On Time = PO Cases on Time / PO Cases Ordered
- In Full = PO Cases Received/ PO Cases Ordered
- OTIF = On Time x In Full
- All measures are based on the aggregate of cases received within that reporting period
- Order Confirmation involves the POs written in the reporting period. OTIF involves the POs received within the reporting period. In the example of a Vendor Performance Period email below, note the result for Vendor 789:
 - 1 PO was *issued* in Period 2, confirmed within 2 Business Days, for an Order Confirmation KPI of 100%.
 - 18 POs were *received* in Period 2, with some delays and shortages, for an OTIF KPI of 60%.
 - On Time: PO Cases on Time / PO Cases Ordered; $(100-20)/100 = 80\%$
 - In Full: PO Cases Received/ PO Cases Ordered; $80/100 = 80\%$
 - OTIF: On Time x In Full; $80\% \times 80\% = 64\%$
 - Impact: There are no compliance fees at this time; please improve your future OTIF results.

Vendor Performance Program - Agent

 Vendor Performance <vendor.performance@lcbo.com>
To: Hooda, Arif
Cc: Vendor Performance

[If there are problems with how this message is displayed, click here to view it in a web browser.](#)

Hello

Agent :

Below is your vendor performance program - Order Confirmation and OTIF KPI for Period 202302

Vendor Code	Vendor Name	Order Confirmation			On Time In Full (OTIF)						
		Issued POs	POs NOT confirmed within 2 business days	POs confirmed within 2 business days	Received POs	PO Cases Ordered	PO Cases Received	PO Cases NOT On Time	On Time	In Full	OTIF
123	Vendor 123	1	0	100%	20	100	100	20	80%	100%	80%
456	Vendor 456	1	1	0%	100	100	100	0	100%	100%	100%
789	Vendor 789	1	0	100%	18	100	80	20	80%	80%	64%
1011	Vendor 1011	4	0	100%	18	100	105	20	80%	100%	80%

21. Do I need to indicate Ready to Ship for all orders?

Yes. If you fail to indicate Ready to Ship, then On Time is 0, and OTIF is 0.

22. How do I indicate Ready to Ship?

If using Web PO, click the Ready to Ship button from the PO Details screen to inform the LCBO that the goods are ready to ship. Refer to the [Web PO User Guide](#) for details. If using EDI transactions, Contact wendy.wang@lcbo.com for details on how to use 856.

23. What is EDI and how can I sign up?

EDI is an electronic data interchange. Vendors can set up EDI transactions with the LCBO to submit Order Confirmations as well as Ready to Ship dates. Contact wendy.wang@lcbo.com for details on how to set up EDI transactions with the LCBO.

24. Does the carrier get updated if I indicate Ready to Ship in Web PO?

No. You still need to contact the carrier to make shipping arrangements.

25. Can I confirm the order and Ready to Ship on the same day?

If you have on-hand stock or safety stock available, you can confirm on the same day. If your policy is to have On-Hand inventory for the LCBO, please notify your LCBO Inventory Manager about product availability so that this can be accounted for in the ordering process.

26. How do Transportation issues impact my OTIF result?

OTIF measures vendor readiness; Transportation issues have no impact Vendor Performance results.

27. What if the order gets damaged in transit?

Damaged goods do not impact the OTIF result.

28. Are there any changes to the Fill Rate fees currently in place?

No. At this time, there is no changes to the fees indicated in the [Purchase Order Terms and Conditions](#).

CHANGE REQUESTS

29. How do I submit a Change Request?

First, confirm receipt of the order within 2 Business Days of LCBO's issuance of the PO. Then, in Web PO, request to change the date or quantity. See the [Web PO User Guide](#) for detailed steps.

30. How do I decline or cancel an order?

First, confirm receipt of the order within 2 Business Days of LCBO's issuance of the PO. Then, in Web PO, request to change the quantity to zero (0). See the [Web PO User Guide](#) for detailed steps.

31. How do changes to the PO impact Order Confirmation?

Subsequent changes to PO don't impact Order Confirmation, as long as receipt of the purchase order was confirmed within 2 Business Days of the LCBO's issuance of the order.

32. How do changes to the PO impact OTIF?

LCBO-driven changes to POs do not impact the OTIF result. Vendor-driven changes negatively impact the OTIF result.

FOR MORE INFORMATION:

33. Where can I get more information?

For additional questions, Agents can email vendorperformancesupport@lcbo.com.

34. How can I update my contact information to receive Vendor Performance Notification Emails?

Agents can update their contact information by emailing lcboorders@lcbo.com, include:

- Agent Name and Number:
- Agent Email address:
- Indicate what category you support (if applicable):
- If you are replacing someone, name of old contact:

Consider using a generic email so that you don't need to update the email address as personnel change. Vendors wishing to receive these emails should contact their Agent.