

# VENDOR PERFORMANCE PROGRAM GUIDELINES

January 2024

The LCBO introduced a Vendor Performance Program on April 1, 2023. 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 strategy to provide excellence in the customer experience – together, we can ensure high standards of performance, so our customers get the products they want, when they want them.

The Vendor Performance Program consists of the following KPIs:

1. **Order Confirmation KPI:** Vendors must confirm receipt of the Purchase Order through WebPO or EDI within two (2) Business Days of the LCBO's issuance of the Purchase Order. As at April 1, 2023, failure to meet the Order Confirmation KPI requirement invokes a handling and administration fee of \$50 for each PO.
2. **On-Time In-full (OTIF) KPI:** To improve OTIF results, an additional KPI – **Ready to Ship Confirmation** – is being introduced. Vendors must confirm the Purchase Order as Ready to Ship through Web PO or EDI on or before the Scheduled Ship Date or the end of the Vendor Prep Time (Scheduled Arrival Date minus the Transportation Leadtime). Effective April 1, 2024, failure to meet the Ready to Ship Confirmation KPI requirement will invoke a handling and administration fee of \$50 for each PO.

These Guidelines have been created to establish the requirements for the Vendor Performance Program. As the Vendor Performance Program evolves, the LCBO will continue to streamline and adapt its processes and systems and will notify vendors of any material changes.

## ORDER CONFIRMATION KPI:

- Vendor must confirm receipt of the Purchase Order through WebPO or EDI within two (2) Business Days of the LCBO's issuance of the 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.
- As at April 1, 2023, failure to meet the Order Confirmation KPI requirement invokes a handling and administration fee of \$50 for each PO.
- Example of order confirmation windows:
  - If LCBO issues PO on a Wednesday, vendor must confirm within 2 Business Days – you have all day Thursday and Friday. Confirm before Friday 11:59PM EST.
  - If LCBO issues PO on a Thursday, vendor must confirm within 2 Business Days – you have all day Friday and all day Monday. Confirm before Monday at 11:59PM EST.
  - If LCBO issues PO on a Thursday and Monday is a holiday as defined in the requirements, vendor must confirm within 2 Business Days, excluding the valid holiday – vendor has all day Friday and all day Tuesday. Confirm before Tuesday at 11:59PM EST.
- Order Confirmation calculation involves the POs issued by the LCBO within the reporting period.

- *Example 1:* In Period 5, LCBO issued two (2) POs; both were confirmed as received within 2 Business Days; the Order Confirmation is 100%; no charges
- *Example 2:* In Period 5: LCBO issued four (4) POs; one PO was non-compliant; the Order Confirmation is 75%; Charge of \$50

#### **READY TO SHIP KPI:**



- Vendors must confirm the Purchase Order as Ready to Ship through Web PO or EDI on or before the Scheduled Ship Date or the end of the Vendor Prep Time (Scheduled Arrival Date minus the Transportation Leadtime).
- Ready to Ship KPI involves the POs *received* by the LCBO within the reporting period.
- *Example 3:* In Period 5: LCBO *issued* two (2) POs; both were confirmed as received within 2 Business Days. 10 POs were *received* in that period; all were confirmed as Ready to Ship; there were some delays and shortages:  
 Order Confirmation: 100%, no charges  
 RTS Confirmation: 100%, no charges  
 OTIF Confirmation: 40% (there are currently no charges for OTIF)
- *Example 4:* In Period 5: LCBO *issued* two (2) POs; one was non-compliant. 10 POs were *received* in that period; 8 were confirmed as Ready to Ship and 2 were non-compliant; there were no delays and shortages:  
 Order Confirmation: 50%; Charge of \$50  
 RTS Confirmation: 80%; \$50 per each non-compliant PO; Total Charge of \$100  
 OTIF Confirmation: 100%, no charges  
 Total Charges: \$150

#### **ON-TIME IN-FULL (OTIF) KPI:**

- OTIF measures if the order was Ready to Ship on Time and Received in Full.
- OTIF involves the POs *received* by the LCBO within the reporting period.
- There are currently no handling and administration fees associated with this KPI.

#### **OTIF KPI Calculation:**

- 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
- OTIF involves the POs received by the LCBO within the reporting period.
- *Example 5:* See the following Vendor Performance KPI Results email for Vendor Code 123:
  - 10 POs were *received* in the Period
  - 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 fees at this time; please improve future OTIF results.

Vendor Performance Program -														
<div>  <div> <div>Vendor Performance &lt;vendor.performance@lcbo.com&gt;</div> <div>To: Hooda, Arif</div> <div>Cc: Vendor Performance</div> </div> </div> <div>  If there are problems with how this message is displayed, click here to view it in a web browser.         </div>														
Hello														
Agent :														
Below are your results for the Vendor Performance Program for Period 202309 (please note OTIF is shared for informational purposes only):														
Vendor Code	Vendor Name	PO Confirmation			Ready to Ship Confirmation			On Time In Full (OTIF)						
		Issued POs	POs NOT confirmed within 2 business days	POs confirmed within 2 business days	Received POs	POs NOT confirmed as Ready to Ship	POs confirmed as Ready to Ship	Received POs	PO Cases Ordered	PO Cases Received	PO Cases Not on time	On Time	In Full	OTIF
123	Vendor123	1	1	0%	10	2	80%	10	100	80	20	80%	80%	64%
456	Vendor456	1	0	100%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Below are the details of any non-compliant POs:			
Vendor Code	Vendor Name	PO Numbers NOT confirmed within 2 Business Days	PO Numbers NOT confirmed as Ready to Ship
123	Vendor123	000-123456	000-234567; 000-234568

#### VENDOR PERFORMANCE KPI RESULTS EMAILS:

- LCBO issues Vendor Performance KPI Results Emails each period with the PO Confirmation, Ready to Ship and OTIF results.
- Agents** wishing to receive these emails should contact [lcboorders@lcbo.com](mailto:lcboorders@lcbo.com). Be sure to include:
  - Agent Name and Number:
  - Agent Email address: (*consider using a generic email so that you don't need to update the email address as personnel change*).
  - Indicate what category you support (if applicable):
  - If you are replacing someone, name of old contact:
  - Indicate if you would like to receive the Vendor Performance KPI Results Emails
- Vendors** wishing to receive these emails should contact their Agent.

#### FEES:

- All program fees are set out in the [LCBO Fee Schedule for Non-compliance to Purchase Order Terms and Conditions](#).

#### VENDOR PERFORMANCE PROGRAM DISPUTE PROCESS:

- Keep in mind that there are no exceptions to the requirements. If you think there is an error, **Agents** can contact [vendorperformancesupport@lcbo.com](mailto:vendorperformancesupport@lcbo.com) within thirty (30) days after receiving the applicable Vendor Performance KPI Results Email. Include the following in the claim:
  - Agent Name and Number:
  - Vendor Code and Name:
  - Applicable PO#:
  - Reason for Dispute:
- Vendors** wishing to dispute the KPI results should contact their Agent.

## **FREQUENTLY ASKED QUESTIONS (FAQs):**

### **1. What are the Vendor Performance Program fees for non-compliance?**

- For Order Confirmation: As at April 1, 2023, failure to meet the Order Confirmation KPI requirement invokes a handling and administration fee of \$50 for each PO.
- For Ready to Ship Confirmation: Effective April 1, 2024, failure to meet the Ready to Ship Confirmation KPI requirement will invoke a handling and administration fee of \$50 for each PO.
- For OTIF: There are no OTIF fees at this time.

### **2. Are the fees per day or per PO? Is there a max fee?**

- There is a maximum of one fee per PO for Order Confirmation, and a maximum of one fee per PO for Ready to Ship, resulting in a maximum of \$100.00 per PO for the combined KPIs.

### **3. How do change requests impact the Vendor Performance Program:**

- For Order Confirmation: Changes to PO do not 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.
- For Ready to Ship: Changes to the PO do not impact Ready to Ship, as long as the PO was confirmed as Ready to Ship or before the Scheduled Ship Date or the end of the vendor prep time (Scheduled Arrival Date minus the Transportation Leadtime). Note: Once you press Ready to Ship you can not reverse this action. Be sure to confirm Ready to Ship only after the order has been picked, packed and ready to be shipped.
- For OTIF: LCBO-driven changes to POs do not impact the OTIF result. Vendor-driven changes negatively impact the OTIF result.

### **4. Do I need to confirm order volumes?**

- If you have issues with the order volume, issue a quantity change request.

### **5. Who pays the fees - Vendor or Agent?**

- Fines are charged to the Vendor.

### **6. How do I pay the fees?**

- Vendors receive debit notices after each period closes (visible in iSupplier).
- If there is a dispute that is resolved in the vendor's favor, LCBO will issue a credit notice (visible in iSupplier)

### **7. What if there are carrier delays?**

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

### **8. What if the order gets damaged in transit?**

- Damaged goods do not impact the OTIF result.

## HELP:

### 9. Where can I get help?

- More information is available at [Web PO](#) on Doing Business with LCBO
- For technical support, e-mail [techsupport@LCBOsupport.com](mailto:techsupport@LCBOsupport.com) or phone: 1-866-284-8311
- For invoice questions, visit [iSupplier](#) on Doing Business with LCBO
- For labelling issues, email [quality.services@lcbo.com](mailto:quality.services@lcbo.com)
- For pricing corrections, email [pricing@lcbo.com](mailto:pricing@lcbo.com)
- For Vintage, Bar Code, UPC/SCC, or TiHi corrections, email your LCBO Buyer
- For setting up EDI transactions with the LCBO, email [wendy.wang@lcbo.com](mailto:wendy.wang@lcbo.com)