

VENDOR PERFORMANCE PROGRAM GUIDELINES

April 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.

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

The LCBO's 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 of April 1, 2023, failure to meet the Order Confirmation KPI requirement invokes a handling and administration fee of \$50 for each PO.
2. **Ready to Ship Confirmation 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 Lead Time). As of April 1, 2024, failure to meet the Ready to Ship Confirmation KPI requirement invokes a handling and administration fee of \$50 for each PO.
3. **On-Time In-full (OTIF) KPI:** OTIF measures if the order was Ready to Ship on Time and Received in Full. There are currently no handling and administration fees associated with this KPI.

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 of April 1, 2023, failure to meet the Order Confirmation KPI requirement invokes a handling and administration fee of \$50 for each PO.
- Order Confirmation calculation involves the POs *issued* by the LCBO within the reporting period.

- *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.
- *Example:* In Period 5, LCBO issued two (2) POs; both were confirmed within 2 Business Days; the Order Confirmation is 100%; no charges
- *Example:* 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 Lead Time).
- Ready to Ship KPI involves the POs *received* by the LCBO within the reporting period.
- *Example:* 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.
Order Confirmation: 100%, no charges
RTS Confirmation: 100%, no charges
- *Example:* 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.
Order Confirmation: 50%; Charge of \$50
RTS Confirmation: 80%; \$50 per each non-compliant PO; Total Charge of \$100
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:** 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 -

 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 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 Confirmation and OTIF results.
- **Agents** wishing to receive these emails should contact 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)
 - What category you support (if applicable)
 - Name of old contact (if you are replacing someone)
 - Request (Indicate 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:

- There are no exceptions to the requirements. If you think there is an error, **Agents** can contact 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?

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

2. How can I confirm Order Confirmation and Ready to Ship?

- Vendors must provide confirmations through WebPO or EDI. Review the HELP section below for details.

3. I wasn't able to access WebPO, can the fee be waived?

- If you are having issues accessing WebPO, contact techsupport@LCBOsupport.com to resolve as soon as possible.

4. I was on vacation, can the fee be waived?

- The only exclusion from the PO Confirmation 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.

5. I confirmed receipt of the PO within the required timeframe of a valid holiday and I still received a WebPO "Overdue PO Confirmation" Alert – will I be fined?

- This is a known issue and will be taken into consideration.

6. WebPO is not providing an opportunity to confirm Ready to Ship – will I be fined?

- If the Pick Up Order date is added by the carrier before the Requested Ship Date, you will NOT be able to confirm Ready to Ship in Web PO. This is a known issue and will be taken into consideration.

7. 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.

8. How do change requests impact the Vendor Performance Program:

- 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.
- 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 Lead Time). 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.
- OTIF: LCBO-driven changes to POs do not impact the OTIF result. Vendor-driven changes negatively impact the OTIF result.

9. Do I need to confirm order volumes?

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

10. Who pays the fees - Vendor or Agent?

- Fines are charged to the Vendor.

11. 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)

12. How do carrier delays impact Vendor Performance results?

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

13. How do orders damaged in transit impact Vendor Performance results?

- Damaged goods do not impact Vendor Performance results.

14. All my orders were prepared in full and ready on time, why is my OTIF result poor?

- It may be that you forgot to confirm Ready to Ship in Web PO. If you do not indicate Ready to Ship in Web PO, this will negatively impact your OTIF result.

15. How are over/under shipment fees calculated?

- Refer to LCBO's [PO Terms and Conditions](#) for an explanation of these charges.

HELP:

16. Where can I get help?

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