

AP New Supplier Setup Requirements



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Purchasing and Shipping

How the product is ordered and shipped affects the Best Buy (BBY) location's ability to receive the product, maintain accurate inventory; and affects the BBY AP Department's ability to process invoices in a timely manner. The purpose of this section is to identify the AP business requirements around purchasing and shipping product.

PURCHASE ORDER METHOD

There are two primary methods of PO transmission:

- Traditional—BBY generates order and transmits to supplier using 850 PO and 860 PO Change.
- VMI or CMI –Orders transmitted to BBY from the supplier or a third party using 855 PO and 865 PO Change.

VMI/CMI Requirements

VMI and CMI have four specific requirements; failure to meet these requirements will delay payment to the supplier.

1. SKU set-up with accurate UPC and supplier relationship.

It is critical that the SKU is set up correctly to minimize PO, ASN, and invoice rejects.

Note: Only the inaccurate SKU will reject if there are multiple SKUs on the PO. The entire PO will reject if there is only one SKU on the PO. In both scenarios, the entire ASN will reject.

2. PO Change critical to correcting PO rejects.

3. PO received in Retek prior to ASN and Invoice.

The PO must be in the system before ASNs and invoices are received and processed; ASNs must be in the system to allow the BBY location to receive the product and for AP to accurately process the invoices.

Note: Only one PO per carton until the supplier is UCC-128 approved.

4. PO quantity limitation of 200 lines on standard orders.

There is one exception to this limit; up to 998 lines are allowed on New Store Opening (NSO) purchases. BBY's invoice matching system cannot process any invoices with 999, or more, line items.

SHIPPING METHOD

Shipments may be direct to store, direct to warehouse or a combination of both.

Direct to Store

Direct to store shipments require the use of ASN 856 and UCC-128 receiving for efficient receiving and invoice processing. AP uses the data transmitted on the ASN and the carrier's website to research quantity discrepancies. UPS is the preferred small package carrier.

Warehouse

ASN 856 is required with new WMS implementation. Please contact the E-business team for specific requirements.

Invoicing and Payment

Once the product is ordered and shipped, the supplier submits an invoice for payment. This section focuses on the EDI, AP business requirements, payment, and disputes.

EDI 810 INVOICES

EDI 810 traditional document required 30 days from 1st order; web enabled immediate. Failure to transmit invoices electronically may result in processing charges levied against the supplier.

EDI Set-up Process

1. Technical mapping and testing.

This process is owned by the E-business team.

2. Data integrity testing and business rule validation.

This process is completed within AP to ensure that the supplier is sending the information required for the invoices to enter BBY's invoice matching system.

Note: Paper invoices are required for payment during the testing period.

3. Go-Live

Once the supplier has passed the technical and data integrity testing they will be asked to stop sending paper and transmit all new invoices via EDI.

EDI Invoice Rejects

Transmission errors are owned by E-business. Data integrity rejects are owned by AP. Missing or inaccurate data in the following fields may cause an invoice to reject:

- Order
- Location
- UPC number or UPC/Supplier relationship
- Payment Terms

Rejects may result in requests for re-transmission.

Invoice Re-Transmissions

Re-transmission requests should come from BBY's AP Department. If the supplier uncovers an issue that requires re-transmission, they need to partner with the AP Department, to ensure the invoices are received correctly.

Note: If the supplier discovered a unit cost error on an invoice that had already been transmitted to BBY, they need to contact MIIC@bestbuy.com instead of transmitting a second invoice.

EDI System Changes

The supplier should contact both E-business and AP when upgrading current systems or implementing new systems.

INVOICE BUSINESS REQUIREMENTS

The following is a list of business requirements for invoices regardless of transmission method: EDI 810, web enabled, or paper. These requirements must be met to ensure efficient processing and timely payment to the supplier.

1. One order and location per invoice.
2. One invoice per shipment transmitted when product is shipped.
3. Invoice quantity per UPC should equal: shipped quantity, packing list quantity, and ASN quantity.
4. Invoice quantity must be each.
5. Total quantity must be listed on invoice.
6. Invoice cost per UPC should equal current cost less deals.

DFI deals should be included in the net cost of the UPC; this is required on electronic invoices.

Do not include informational deals, cash discount terms, or any additions for miscellaneous charges in unit cost of the item.

7. Extended cost must be calculated on invoice.
8. Special handling charges, LA tax, etc. must be approved by the Business and mapped appropriately on electronic invoices.

INVOICE MATCHING

Invoices are matched to receipts by order and location. Manual intervention is required to research and resolve cost and quantity discrepancies.

Cost Discrepancies

Cost discrepancies are routed when there is a variance between unit cost on the invoice and unit cost on the order/receipt. Common root causes include:

- Incorrect item cost on the order and/or invoice due to incorrect item setup or timing of cost changes.
- Incorrect or no deal applied to the order and/or on the invoice.

Deals in this case refer to DFI based allowances. Informational deals do not impact the unit cost on the PO and should not be included in the unit cost on the invoice.

- Price protection for product in transit.

Note: It is the supplier's responsibility to contact BBY if cost on order is incorrect.

The AP Department and Merchants complete research to determine correct cost. Cost discrepancies may be deducted from the supplier's payment through a Debit Memo Cost (DMC).

Quantity Discrepancies

Quantity discrepancies are routed when quantity billed does not equal quantity received. Common root causes include:

- Invoiced but not shipped.
- Not delivered to BBY location
- Not received on correct order
- Not received-packing slip does not facilitate store execution

The AP Department completes research to identify store execution errors. If the supplier uses ASN 856 and ships using a preferred small package carrier, the AP Department will use the ASN and carrier website to validate the POD. Shortages may be deducted from the supplier's payment through a Debit Memo Quantity (DMQ).

DMC and DMQ Disputes

DMC and DMQ documents are sent to the supplier at the time the invoice is matched. The deduction occurs when the payment is remitted to the supplier.

If disputing a DMC or a DMQ, complete a Dispute Control Document within 90 days of the date of the deduction. The Dispute Control Document is available on www.extendingthereach.com.

INVOICE PAYMENT

Invoices system and manual matched are set up for payment based on due date. May not be due date on invoice if there are variances between Vendor Program Agreement, terms on order, terms on invoice, receipt of goods dating, or seasonal dating

Check runs are Monday and Thursday using pull through dates for both discount and non-discount suppliers.

Remittance references Vendor Invoice Number and VMI Order Number to facilitate clearing of open AR. Remittance includes corresponding DMC and DMQ deductions.

EFT

Information regarding electronic payment and remittance is available on www.extendingthereach.com.

Returns

Returns are deducted from payment as a Returns Good Memo (RGM)

Credit Memos should be sent upon receipt of the returned goods and must be printed simplex, 1 sided, to allow document to be scanned. Each Credit Memo should list the following:

- RA # (Return Authorization Number)
- RGM # (Best Buy Deduction Number)
- Date (date of Credit Memo)
- SKU Description and Number
- Units Credited
- Unit Cost
- Extended total of units Credited (Grand Total)
- Extended Cost (Grand Total)

All products that are not going to be credited must be returned to the BBY location it came from. The supplier needs to include the original RA# and RGM number that the product was originally sent on with the shipment.

RGM DISPUTES

To dispute a full non receipt of a return, please send an email to APReturnsPOD@bestbuy.com within 90 days of the deduction date.

To dispute a return, use the Dispute Control Document available on www.extendingthereach.com within 90 days of document date. Attach copies of the credit memo, POD and any other information that would be helpful to resolve the dispute.

Vendor Inquiry

Contact information -- MIIC@bestbuy.com

PAYMENT STATUS

Requests for payment status should allow time for remittance to be received and applied; usually, 30 days after due date. If you would like Best Buy to review your aging of past due invoices, please email MIIC@BestBuy.com and include the document number, document date, BBY purchase order and net amount. Paper statements should not be sent.

COPY REQUESTS

Use the MIIC@bestbuy.com mailbox to request copies of missing DMC, DMQ or RGM documents.

RESALE CERTIFICATES

Contact information – Julie.Eicher@BestBuy.com