



NATIONAL ASSOCIATION OF
ELECTRICAL DISTRIBUTORS

Supply Chain Scorecard: Recommended Best Practices



*Developed for the membership of the
National Association of Electrical Distributors
by the Task Forces on Supply Chain Scorecards*

NAED's Mission

The National Association of Electrical Distributors is the voice of electrical distribution, providing members with the best in tools, information, and assistance to help them thrive financially and to improve the electrical distribution channel. This is accomplished through promotion of networking, advocacy, education, and defined standards.



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Scope of this Document

This compilation is designed to facilitate a dialogue among individual distributors and the manufacturers that supply products to them for the purposes of making the supply chain evaluation process more efficient and reducing the costs for all parties involved. It is not intended to express any views regarding individual distributors' or manufacturers' business decisions. All distributors and manufacturers will continue to make their own independent decisions regarding all matters affecting competition. Information outside the scope of the designated categories (*e.g., manufacturer pricing and payment terms, promotional allowances, etc.*) has been omitted from this document. However, individual distributors are free to discuss these subjects in separate dealings with individual manufacturers.

Out of Scope

- Measures of Pricing & Payment Terms
- Measures of Gross Margin & Profitability
- Measures of Rebates & Promotional Allowances

In Scope

Measures that...

- Drive Process Efficiencies
- Improve Performance
- Reduce Costs for all Parties Involved

Supply Chain Scorecard Task Forces Goal

In March 2005, NAED's Sales & Marketing Committee suggested that NAED develop an industry-wide scorecard to make the process of evaluating supply chain performance more efficient. In response, NAED recruited teams of distributors and manufacturers who were passionate about making the supply chain more efficient. The task force recognized a common goal of driving process efficiencies and improving performance to take costs out of the channel by lowering the costs of doing business together while delivering more value to the end-customer.

The task force determined that the first critical tool needed to improve channel efficiency and reduce costs for both trading partners was a common vocabulary to improve communications between parties at different levels of the supply chain. **The**

Recommended Industry Vocabulary is designed to facilitate a dialogue among distributors and manufacturers for the purposes of making the supply chain performance evaluation process more efficient and reducing costs for all parties involved. Speaking the same language industry-wide is the first step in improving supply chain performance evaluation and making the evaluation process more efficient. And once distributors and manufacturers speak a common language, best practices in Supply Chain Scorecards can be addressed, allowing further process efficiencies and channel cost savings. The task force also worked with industry software providers to incorporate NAED's Supply Chain Scorecard measures into standard reports in their software.

NAED's Board of Directors formally endorsed the task forces' efforts in September, 2006.

Thanks to Our Industry Volunteers

This White Paper, *“Recommended Best Practices in Supply Chain Scorecards,”* is the result of an industry effort! Both distributors and manufacturers were involved in its development. Besides participating in face-to-face meetings at their companies' expense, countless hours have been volunteered to help standardize the process of evaluating supply chain performance to make it more efficient for all channel partners.

The 2005 Distributor Task Force

The Distributor Task Force that updated the Recommended Best Practices after they were presented in draft form in May 2006 included 12 volunteers from 10 companies:

- Barry Nelson, Border States Electric Supply
- David Oldfather, Affiliated Distributors
- Donna Shamblin, United Electric Supply
- George Adams, Jr., Electric Supply of Tampa
- Jeff Brittain, McNaughton-McKay
- Jill Hoffman-Grall, formerly of Werner Electric Supply
- Joe Krashin, Joe Lechner, & Sharon Todd, Western Extralite
- Pat Lawler, Standard Electric Supply
- Steve Peterson, formerly of Minnesota Electric Supply
- Steve Smith, now retired from Graybar Electric Co.

The 2005 Manufacturer Taskforce

The Manufacturer Task Force that updated the Recommended Best Practices after they were presented in draft form in May 2006 included 10 volunteers from 7 companies:

- Advance Transformer—Dale Pivarunas
- Coleman Cable—Greg MacDonald
- Eaton Corporation—Brad Nanna
- Intermatic, Inc—Cindy Borre
- OSRAM SYLVANIA—Jim Sullivan & John Wilson (*both now retired*)
- Square D/Schneider Electric—Marjorie Frett, Dana McCook, & Teresa Barnhill
- Thomas & Betts—David Dean

Additional Key People in 2005

NAED's general legal counsel, Ron Rucker, provided legal guidance during each conference call and face-to-face meeting. Legal guidance was also provided by Sanford M. Pastroff and Robert T. Joseph of Sonnenschein Nath & Rosenthal LLP. Ann Adams, Channel Management/Operations of Schneider Electric/Square D served as the task forces' liaison with the IDEA Standards Committee. Input on specific EDI definitions was also received from Siemens Energy & Automation's Liz Norman, Ideal Industries' Stacie Braffett, and Rockwell Automation's Mindy Michalski. In addition, task force members solicited input from the Square D/Schneider Electric Distributor Quality Task Force and the GE Consumer and Industrial Distributor Advisory Council.

Updating the Recommended Best Practices

Measuring supply chain performance is an evolutionary process. In August 2010, NAED's Manufacturers' Council made updating the manufacturer scorecard a priority. A new task force was established, with volunteers from the Manufacturers' Council and representatives from Schneider Electric/Square D and Sylvania in recognition of their companies' leadership and support of the 2005 task force.

The 2010 Manufacturer Task Force

The Manufacturer Task Force that updated the Recommended Best Practices includes 13 volunteers from 11 companies:

Dave Goedeking & Doug Cowan.....	3M
Kevin Duggan.....	Cooper Industries
Mike Winter.....	Emerson
Gary Norris.....	IlSCO
John Hoffman.....	LeGrand
Jim Kosciolk.....	Mersen
Terri Dumas.....	RAB Lighting
Teressa Barnhill.....	Schneider Electric/Square D
Jay Jefferson & Louis Weisberg.....	Service Wire
Peter Vient.....	Sylvania
Liz O'Grady.....	Thomas & Betts

Recommended Supply Chain Measures

The "menu" of supply chain measures presented in this white paper is divided into 4 general categories:

- 1) Key Efficiency Drivers
- 2) Performance Measures
- 3) Management Measures
- 4) Relationship Measures ****2011 Update****



“Menu” of Key Efficiency Drivers

The “menu” key drivers of supply chain efficiency includes:

- ✓ **NAED Participation**
- ✓ **IDEA Participation**
- ✓ **Electronic Communications Capabilities & Usage**
 - ✓ Electronic Orders
 - ✓ Vendor Managed Inventory (VMI)
 - ✓ Online Availability & Usage
 - ✓ Electronic Invoices
 - ✓ EDI Transactions Set-Up and in Use
- ✓ **Timeliness of Price Change Communications**
 - ✓ Price Change Updates
- ✓ **Purchase Order Accuracy**
- ✓ **Freight Efficiency**
- ✓ **Emergency/Expedited Orders**

“Menu” of Performance Measures

The “menu” of key supply chain performance measures includes:

- ✓ **Lead Time**
- ✓ **Initial Fill Rate**
- ✓ **Average Number of Shipments per Order**
- ✓ **On-Time Delivery**
- ✓ **Shipping Accuracy**
- ✓ **Invoice Accuracy**
- ✓ **On-Time Payment**



“Menu” of Management Measures

The “menu” of key management measures includes:

✓ Sales Management Measures

- ✓ Sales @ Distributor Cost
- ✓ Stock Sales @ Distributor Cost
- ✓ Direct Sales @ Distributor Cost
- ✓ Growth in Sales @ Distributor Cost
- ✓ Percent of Stock Sales Subject to Special Pricing Authorizations (SPAs)
- ✓ Space for benchmarking and charting Sales Management Measures by NEMA Trading Area, regions, and/or nationally
- ✓ Space for additional Sales Management Measures including New Product Sales, Top Products, Sales by Branch, Product Mix Statistics, Quote Statistics, and more.
- ✓ Space for marketing measures that individual manufacturers may want to share with individual distributors.

✓ Inventory Management Measures

- ✓ Average Inventory
- ✓ Stagnant Inventory
- ✓ Overstock Inventory
- ✓ Inventory Turnover

✓ Returns Management Measures

- ✓ Return Authorization Processing Cycle Time
- ✓ Return of Authorized Goods Cycle Time
- ✓ Receipt of Credit for Return Cycle Time

✓ Profitability Measures

This profitability measure portion of the Vendor Scorecard is intended to serve as a reminder that a Distributor may discuss profitability of a Manufacturer's products in individual discussions with that Manufacturer. Distributors should not discuss profitability with other Distributors, and all Distributors and Manufacturers will continue to make their own independent decisions regarding profitability measures and other competitive issues.



2011 Update “Menu” of Relationship Measures

The “menu” of key relationship measures answers the question, “*What makes a good business relationship?*” and includes these five dimensions:

- ✓ **Business Alignment**
- ✓ **Joint Business Planning**
- ✓ **Investment in the Future of the Business**
- ✓ **Communication**
- ✓ **Credibility**

Introduction

From the outset in 2005, the task forces were focused on standardizing the process of evaluating supply chain performance to make it more efficient for all channel partners. Early in the process, however, it was evident that there were 4 main areas of contention, based on one's position in the supply chain:

- 1) How to identify and communicate stock items;
- 2) Measurement based on business or calendar days;
- 3) Measurement based on the date the order is issued by the distributor or accepted by the manufacturer; and
- 4) Measurement based on the date requested by the distributor or the date acknowledged by the manufacturer.

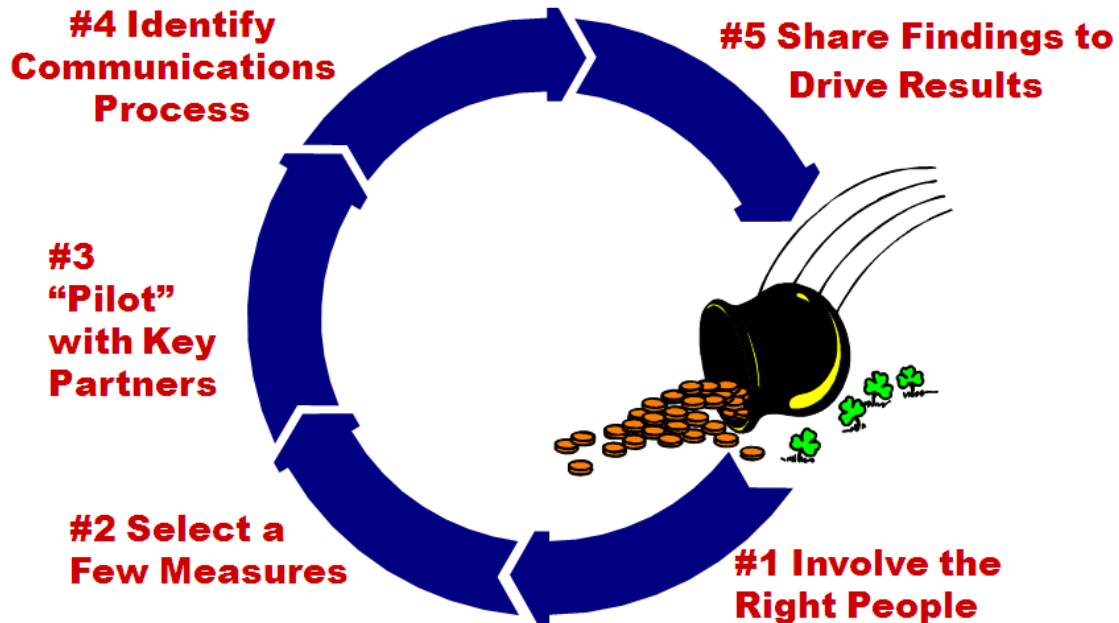
This White Paper, “*Recommended Best Practices in Supply Chain Scorecards*,” seeks to resolve this ongoing source of inefficiency and friction between channel partners.

Recommended Best Practice

- ✓ **Identifying and communicating stock items:** Individual distributors and manufacturers should initially measure their stock items separately, compare measures, discuss discrepancies, and clarify stock items in future iterations of measurements.
- ✓ **Measurement based on business or calendar days:** To improve performance to the end-customer, manufacturers to adjust lead times to reflect calendar days.
- ✓ **Measurement based on distributor order issue date or manufacturer order acceptance date:**
 - ✓ Orders sent electronically—via Electronic Data Interchange (EDI), flat files, Vendor Managed Inventory (VMI), or entered online—will be measured based on the date the distributor issues the P.O.
 - ✓ Purchase Orders entered manually—via mail, fax, or telephone—will be measured based on the date the manufacturer accepts the order.
- ✓ **Measurement based on distributor request date or manufacturer acknowledged date:** To improve performance to the end-customer, the request date will be the basis of measurement as long as it reflects historical/normal lead times or a negotiated delivery date.

How to Begin the Measurement Process **2011 Update**

The Supply Chain Scorecard is more than just a report. It is a disciplined, on-going business tool that can enhance efficiency, improve performance to end-customers, and drive results.



#1 Involve the Right People

Successful implementation of a supply chain scorecard requires the support and buy-in of company executives and an executive-level "sponsor" or "champion." Once buy-in has been obtained at the "top" of the company, involve representatives from customer care, operations,¹ finance, sales, marketing, and information technology in the development of your scorecard.

Recommended Best Practice

- ✓ Appoint a company executive as scorecard "champion."
- ✓ Involve representatives from customer care, operations, finance, sales, marketing, and information technology in the development of your company's scorecard.

¹ Operations in a distributor's organization could include purchasing and logistics. Operations in a manufacturer's organization may include the channel organization.



#2 Select a Few, Key Measures

Consider what is most important for your company to measure—*strategically and philosophically*. Contemplate measures for internal use only, as well as measures to share with channel partners. Then develop a clear understanding of the company's goals for the scorecard. Next select a few, key measures that are easy to understand, the data is meaningful for your company's bottom-line performance, and the data is easy to obtain. And most importantly, *use the definitions in the Recommended Industry Vocabulary* so you are speaking the same language as your channel partners!

Recommended Best Practice

- ✓ Establish your company's goals for implementing a scorecard.
 - Note: Examples of goals include removing waste from the systems, improving efficiencies in execution, increasing differentiation in the marketplace, improving the sustainability of the distributor-manufacturer partnership, driving profitability, fomenting communication, etc.*
- ✓ Keep your scorecard simple. Focus on a few, key measures.
- ✓ If measuring performance is new to your company, begin with just 3 measures:
 - ✓ **Distributors:** It is recommended that distributors initially measure **Lead Time, Initial Fill Rate, and On- Time Delivery** due to the impact on end-customers.
 - ✓ **Manufacturers:** It is recommended that manufacturers initially measure **Electronic Orders, Online Usage, and Purchase Order Accuracy** due to the impact on channel efficiencies.
- ✓ Determine reporting level preferences---*corporate, NEMA Trading Area, region, or branch levels*---and/or provide "drill down" capabilities for analyses.
- ✓ Measurements should be base-lined initially, computed monthly, and graphed for trend analysis.
 - Note: For measures that may vary widely month-to-month, such as SPA%, quarterly trending may be most relevant.*
- ✓ Set internal performance goals and benchmarks for each measure.
 - ✓ Track progress towards internal goals and benchmarks.
 - ✓ Celebrate improvements in processes and measures internally and with channel partners.
- ✓ Use the Recommended Industry Vocabulary as the source for definitions of all measures.²

² See Page 53 for information on how you can help keep the Recommended Industry Vocabulary and Recommended Best Practices updated.

#3 “Pilot” Your Scorecard with a Few, Key Partners

Select a few, key channel partners to pilot your scorecard. Work together with your “pilot” channel partners to begin an open dialogue about the importance of measuring supply chain performance. Then establish mutual expectations about how you will use the supply chain scorecard to enhance your relationship, improve performance, and drive results through the channel.

This is a two-way conversation, so ask your channel partners for feedback about the layout of your scorecard, the granularity of the measures---*corporate, region, and/or branch level*---and the stock items to be included.³ The “pilot” process will also provide insight into how your data will be interpreted and used to drive process efficiencies. And rather than fretting over absolute values, seek to understand the source of any discrepancies, while keeping in mind the importance of “relative” values and trends over time.

Recommended Best Practice

- ✓ Pilot the measurement process with a few, key trading partners before expanding to include your strategic trading partners.
- ✓ Seek to understand the source of any discrepancies.
- ✓ Focus on “relative” values and trends over time.

#4 Identify the Communications Process

Once you have decided to measure supply chain performance, the process used to communicate your scorecard is crucial to its success. For your company’s scorecard to be effective, it must be communicated to the right people---*people who can “move the needle”*---including executives, operations (*channel, logistics, purchasing, etc.*), sales, marketing, etc. at your channel partners’ organization in a timely fashion.

Considerations in developing your company’s communications process include:

- ▶ How will the scorecard be announced inside your company? to your channel partners?
- ▶ Who will present the scorecard information to your channel partners?
- ▶ To whom will the scorecard information be delivered?

³ See Page 11 for Recommended Best Practices on identifying and communicating stock items.



- ▶ When, how often, and in what format will your scorecard information be delivered?
- ▶ How will your scorecard be used with your channel partners to establish mutual goals and drive results?

Recommended Best Practice

- ✓ Prior to implementation of the Supply Chain Scorecard, channel partners should discuss how the Supply Chain Scorecard should be communicated, the recipients of the information, the timing of reporting, and how the data will be used.
- ✓ It is recommended that channel partners hold internal meetings with employees to explain the supply chain performance measurement process prior to meeting with trading partners.
- ✓ While hard-copies are useful during face-to-face meetings, electronic formats foment the circulation of the scorecard throughout the channel partners' business.
 - ✓ **Distributors:** Determine individual manufacturer preferences regarding the circulation of the distributor scorecard that measures manufacturer performance.
 - ✓ However, upper management contacts, key logistics personnel, and regional sales managers should be considered.
 - ✓ **Manufacturers:** Determine individual distributor preferences regarding the circulation of the manufacturer scorecard that measures distributor performance.

#5 Share Findings to Drive Results

The supply chain scorecard is an ongoing communications tool, allowing channel partners to have fact-filled discussions. It can focus channel partners on shared performance goals, allow early detection and resolution of problems, identify training opportunities, and provide opportunities to define and celebrate accomplishments.

Ongoing review and follow-up of your company's scorecard is essential to its success. Include the scorecard in business annual planning sessions and review quarterly, either in-person, or over the telephone. Work together with your channel partners to establish mutual expectations about how you will use the measurement process to enhance your relationship, improve performance, and drive results through the channel.

Recommended Best Practice

- ✓ The Supply Chain Scorecard should be reviewed jointly **at least** twice annually, ideally during face-to-face meetings at NAED conferences and marketing group meetings.
- ✓ Whenever possible, manufacturer logistics personnel should be invited to participate in reviews of the scorecard via conference call, especially if there are key issues to be addressed.
- ✓ Develop mutual goals for the use of the data and establish review dates during each trading partner's annual joint business planning session.
- ✓ Follow-up joint improvement plans and plans of action for items with unsatisfactory performance levels should be developed within 30 days of the review of the scorecards.
- ✓ Focus on “relative” measures and trends over time, rather than absolute values.

“Menu” of Key Efficiency Drivers

NAED Participation

Since 1908, the National Association of Electrical Distributors (NAED) has served as the trade association for the electrical distribution industry. As part of its mission, NAED provides tools to help members run their businesses more efficiently, training and research through the NAED Education & Research Foundation, and industry information and research through TED Magazine.

Recommended Best Practice

- ✓ Both channel partners—*distributors and manufacturers*—should be members of NAED.
- ✓ Both channel partners—*distributors and manufacturers*—should support NAED meetings, programs, and initiatives.

To improve NAED participation, ask your channel partners the following questions.

Distributor Ask Manufacturer

NAED Associate Member?

Yes No*

Do you use NAED's PAR Report to understand distributor profitability?

Yes No*

Manufacturer Ask Distributor

NAED Member?

Yes No*

Do you participate in NAED's PAR Report?

Yes No*

**If no, when?*

“Menu” of Key Efficiency Drivers (*continued*)

IDEA Participation

Current Situation

The Industry Data Exchange Association (IDEA) was founded in March 1998 as a joint venture of the National Association of Electrical Distributors (NAED) and the National Electrical Manufacturers Association (NEMA) to provide a central repository for delivering product and pricing information throughout the electrical industry. Use of IDEA is vital to improving the exchange of business information within the electrical distribution channel to reduce costs for all parties involved.

The components of IDEA participation are:

- 1) IDEA membership;
- 2) Provision/Use of the product & distributor cost data in IDW; and
- 3) Provision/Use of enriched/catalog data and images in IDW.

Note: Some distributors may also want individual item net into stock pricing in IDW.

Recommended Best Practice

- ✓ Both channel partners—*distributors and manufacturers*—should be members of IDEA.
- ✓ Both channel partners—*distributors and manufacturers*—should use IDEA's IDW as the central repository of product and pricing information throughout the electrical industry.
NOTE: This will reduce costs for all parties involved by eliminating the manual input of product and pricing information into individual business systems.
- ✓ Both channel partners—*distributors and manufacturers*—should use IDEA's IDW as the central repository of enriched/catalog data and images.

To improve IDEA participation, ask your channel partners the following questions.

Distributor Ask Manufacturer

Manufacturer Ask Distributor

IDEA Member?

Yes No*

IDEA Member?

Yes No*

Product & distributor cost data
in IDW?

Yes No*

Use IDW product and distributor cost data?

Yes No*

Enriched/catalog data and images
in IDW?

Yes No*

Use enriched/catalog data and images in IDW?

Yes No*

**If no, when?*

Note: Some distributors may also want to ask, "Is this manufacturer's individual item into stock net pricing available in IDW?"

“Menu” of Key Efficiency Drivers (*continued*)

Electronic Communications Capabilities & Usage

Current Situation

There is no better time to encourage the usage of electronic communications between distributors and manufacturers in the electrical distribution channel than now. All parties involved—*distributors, manufacturers, and customers*—win with electronic communications through better product availability, increased inventory turns, and better cash flow. Whether via EDI or Flat File, electronic communications streamlines and improve business processes by reducing the expenses associated with routine business transactions including purchase orders, advance shipping notices, and invoices.

Not only does electronic communications help businesses exchange data efficiently regardless of size or location, it reduces labor costs by replacing the slow, labor-intensive, error-prone manual exchanges of information via paper, fax, and/or phone with software resident in the business' computer system. The reduction in manual labor reduces both operating costs and the opportunity for “human-error,” allowing the time currently spent fixing internal errors to be redirected to developing and enhancing relationships with customers. Electronic communications is also a competitive tool to strengthen partnerships and enable new and lower-cost ways of doing business together because accurate information with an audit trail is quickly available.

Recommended Best Practice

- ✓ It is recommended that channel partners measure the availability and usage of electronic communications for Purchase Orders, Online offerings, Invoices, and Vendor Managed Inventory (VMI).

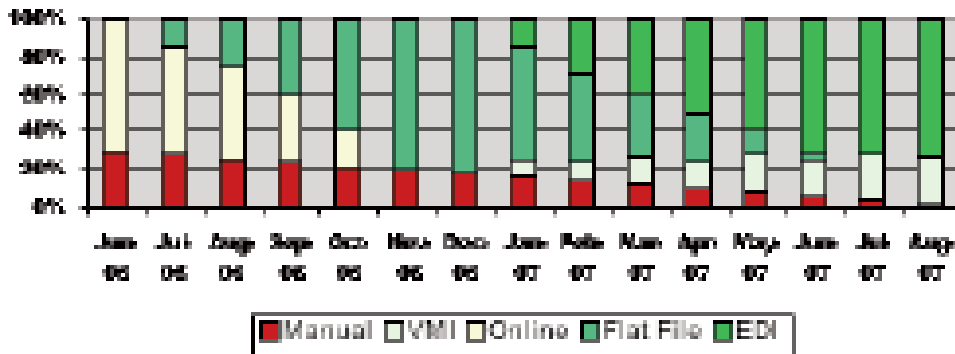
Note: Please see Appendix A for additional Electronic Communications Capabilities that can be measured, but are not discussed elsewhere in this White Paper.



“Menu” of Key Efficiency Drivers (continued)

Electronic Orders

Electronic vs. Manual Order Entry



Current Situation

Today, manufacturers receive purchase orders from distributors through a variety of methods—*mail, telephone, fax, online, flat file, and Electronic Data Interchange (EDI)*. Purchase orders received via mail, telephone, and fax must be interpreted and manually re-keyed into the manufacturer's business system. This additional manual labor increases both operating costs and the opportunity for “human-error,” which can result in shipping errors, invoice errors, and returned goods. Purchase orders entered electronically, however, provide accurate information with an audit trail.

Recommended Definition

Electronic Purchase Orders = Purchase Orders received via Electronic Data Interchange (EDI), Flat File, Vendor Managed Inventory VMI, and/or Online entry.

NOTE: Electronic Purchase Orders take costs out of the channel because they do not require manual intervention—interpretation, price verification, re-keying, printing, filing, and/or internal routing of hard copies.

*****2011 Update***** *Activant Eclipse Release 8.69’s Vendor Scorecard Inquiry measures Electronic Order Entry by number of Purchase Orders, line items, and dollars as defined above.*

Recommended Best Practice

- ✓ Channel partners to adopt the IDEA Standards for required (*and required conditional*) information per IDEA's EDIPro 850 Purchase Order.
- ✓ Distributors to enter Purchase Orders electronically through Flat File, Electronic Data Interchange (EDI), or Vendor Managed Inventory (VMI). *NOTE: Online order entry requires distributors to manually re-key data unless an upload feature is available on the manufacturer's web site.*
- ✓ It is recommended that channel partners measure Electronic Order Entry by number of Purchase Orders, line items, and dollars.

To increase electronic order entry, ask your channel partners the following questions:

Distributor ask Manufacturer

Manufacturer ask Distributor

EDI 850 Purchase Order Accepted?

EDI 850 Purchase Order Used?

Yes No*

Yes No*

Flat File Purchase Order Accepted?

Flat File Purchase Order Used?

Yes No*

Yes No*

**If No, when will it be accepted/used?*



“Menu” of Key Efficiency Drivers (*continued*)

Vendor Managed Inventory (VMI)

Recommended Definition

Vendor Managed Inventory (VMI) refers to any practice that involves cooperation between supply chain partners to control inventories. The practice uses demands, inventories and forecasts to prepare and carry out automatic replenishments through EDI linkages. (*Definition from the APQC---American Productivity & Quality Center*)

If you are interested in participating in Vendor Managed Inventory, ask your channel partners the following questions.

Distributor Ask Manufacturer

Are VMI Capabilities Available?

Yes No*

EDI 850 Purchase Order Available?

Yes No*

EDI 852 Product Activity Data Available?

Yes No*

EDI 855 P. O. Acknowledgement Available?

Yes No*

EDI 856 Ship Notice/Manifest Available?

Yes No*

EDI 861 Receiving Advice/Acceptance Certificate Available?

Yes No*

Manufacturer Ask Distributor

Are VMI Capabilities Used?

Yes No*

EDI 850 Purchase Order Used?

Yes No*

EDI 852 Product Activity Data Used?

Yes No*

EDI 855 P. O. Acknowledgement Used?

Yes No*

EDI 856 Ship Notice/Manifest Used?

Yes No*

EDI 861 Receiving Advice/Acceptance Certificate Used?

Yes No*

**If No, when will it be available/used?*



“Menu” of Key Efficiency Drivers (*continued*)

Online Availability & Usage

Current Situation

Today, manufacturers receive inquiries from distributors over the telephone for a variety of information that could easily be accessed online, including distributor cost data, product availability, order status and tracking, training, graphics, Material Data Safety Sheets (MDSS), and Return Goods Authorization (RGA) Requests. By posting this information on secure web sites, not only will information be available 24/7, but manual labor can be reduced for both distributors and manufacturers, decreasing operating costs while at the same time improving service levels to customers.

Recommended Best Practice

- ✓ It is recommended that channel partners measure online usage for distributor cost data, product availability information, order status and tracking, training, graphics, Material Data Safety Sheets (MDSS), and Return Goods Authorization (RGA) Requests.

*****2011 Update***** *The 2011 Update to the Guide to How Manufacturer’s Measure Distributors reserves space for individual manufacturer measures of Online Usage, including, but not limited to, product availability, order tracking, training, graphics, Material Data Safety Sheets (MDSS), and Return Goods Authorization Requests.*

To increase online usage, ask your channel partners the following questions.

Distributor Ask Manufacturer

Distributor Cost Data Online?

Yes No*

Product Availability Online?

Yes No*

Order Status/Tracking Online?

Yes No*

Manufacturer Ask Distributor

Distributor Cost Data Checked Online?

Yes No*

Product Availability Checked Online?

Yes No*

Order Status Tracked Online?

Yes No*



Distributor Ask Manufacturer

Manufacturer Ask Distributor

Training Online?

Yes No*

Online Training Used?

Yes No*

Graphics Online?

Yes No*

Online Graphics Used?

Yes No*

Material Data Safety Sheets Online?

Yes No*

Online MDSS Used?

Yes No*

Return Goods Authorization (RGAs)
Requests Online?

Yes No*

Online RGA Request Used?

Yes No*

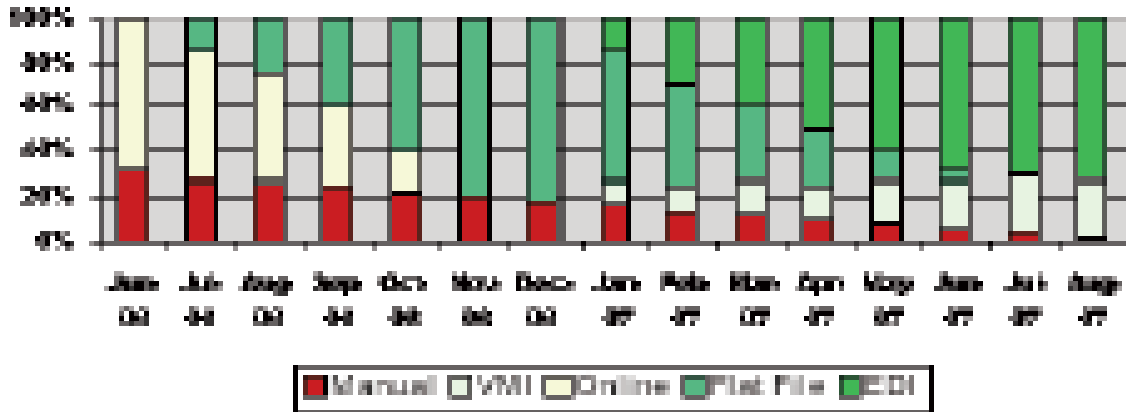
**If No, when will it be online/used?*



“Menu” of Key Efficiency Drivers (continued)

Electronic Invoices

Electronic vs. Manual Invoicing



Current Situation

Today, distributors receive invoices from manufacturers through a variety of methods—*mail, fax, flat file, and Electronic Data Interchange (EDI)*. Invoices received via mail and fax must be interpreted and manually re-keyed into the distributor's business system. This additional manual labor increases both operating costs and the opportunity for “human-error,” which increases the costs of doing business together. Invoices entered electronically, however, provide accurate information with an audit trail.

Recommended Definition

Electronic Invoicing = Invoices received via Electronic Data Interchange (EDI), Flat File, Vendor Managed Inventory VMI, and/or downloaded from the vendor's secure website.

NOTE: Electronic invoicing takes costs out of the channel because they do not require manual intervention—interpretation, price verification, re-keying, printing, filing, and/or internal routing of hard copies.

****2011 Update*** Actoant Eclipse Release 8.69's Vendor Scorecard Inquiry measures Electronic Invoicing by number line items and dollars as defined above.*

Recommended Best Practice

- ✓ Channel partners to adopt the IDEA Standards for required (*and required conditional*) information per IDEA's EDIPro 810 Invoice.
- ✓ Manufacturers to submit invoices electronically through Electronic Data Interchange (EDI) or Flat File.
- ✓ Distributors to measure Electronic Invoicing by line items and dollars.

To increase electronic invoicing, ask your channel partners the following questions.

<u>Distributor ask Manufacturer</u>	<u>Manufacturer ask Distributor</u>
EDI 810 Invoice Available?	EDI 810 Invoice Used?
<input type="checkbox"/> Yes <input type="checkbox"/> No*	<input type="checkbox"/> Yes <input type="checkbox"/> No*

**If No, when will it be available/used?*



“Menu” of Key Efficiency Drivers (*continued*)

Timeliness of Price Change Communications

Current Situation

Having the most current pricing available allows distributors to run their businesses effectively and efficiently service end-customers. Price changes require massive amounts of manual intervention to update prices. The impact of prices that are not up-to-date ripples through the supply chain. In addition, end-customers often require at least 30 days advance notification of actual price updates to modify their business systems.

Price Change Updates

Recommended Definition

Price Change Updates = The number of calendar days in advance of the effective date specific pricing updates are provided.

Recommended Best Practice

- ✓ Channel partners to adopt the IDEA Standards for required (*and required conditional*) information per IDEA's EDIPro 845 Price Authorization Acknowledgement/Status and IDEA's EDIPro 832 Price/Sales Catalog.
- ✓ Manufacturers to provide the actual price updates to distributors at least 30 days prior to the effective date.
- ✓ Each individual distributor to inform manufacturers of the preferred method of receiving Price Change Updates—*download from IDW, EDI 845 Price Authorization Acknowledgement/Status, Flat File, EDI 832 Price/Sales Catalog, or download from the manufacturers secure website.*
- ✓ Distributors to measure the number of calendar days in advance of the effective date specific pricing updates are provided. *NOTE: Process efficiency issues regarding updates to Special Pricing Authorizations were addressed by the SPA Task Force's White Paper, "Recommended Best Practices in SPA Set-Up & Renewals."*



To improve the timeliness of price change updates, ask your channel partners the following questions.

Distributor ask Manufacturer

EDI 845 Price Authorization

Acknowledgement/Status

“Full Load” Available from IDW?

Yes No*

“Changes Only” Available from IDW?

Yes No*

EDI 832 Price/Sales Catalog

information “Full Load” Available
in IDW?

Yes No*

“Changes Only” Available from IDW?

Yes No*

Pricing Available Online?

Yes No*

Manufacturer ask Distributor

EDI 845 Price Authorization

Acknowledgement/Status

“Full Load” Used?

Yes No*

“Changes Only” Used?

Yes No*

EDI 832 Price/Sales Catalog information

“Full Load” Used?

Yes No*

“Changes Only” Used?

Yes No*

Online Pricing Used?

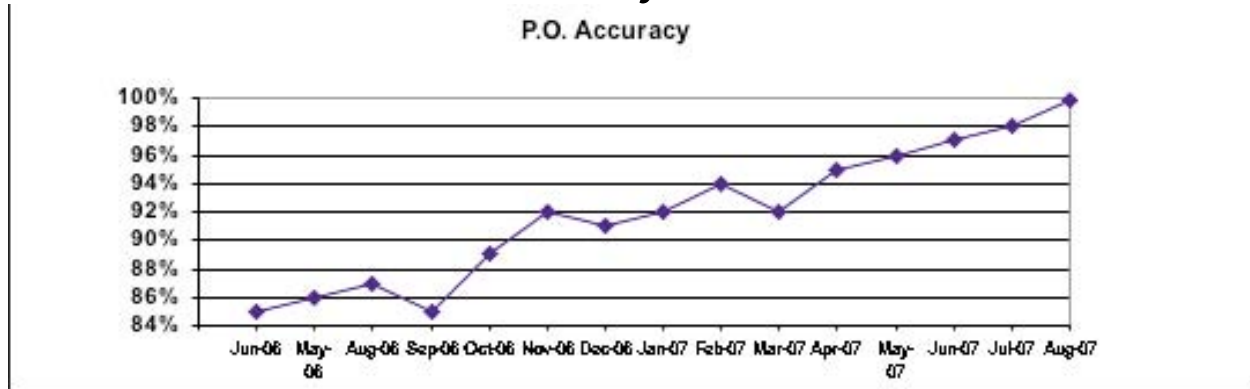
Yes No*

**If No, when will it be available/used?*



“Menu” of Key Efficiency Drivers (*continued*)

Purchase Order Accuracy



Recommended Definition

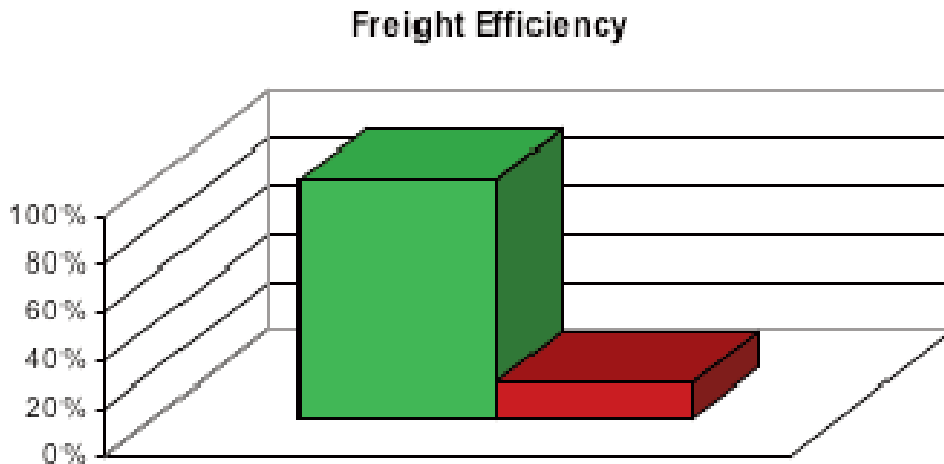
Purchase Order Accuracy = The number of line items ordered 100% correctly (*Correct part number, correct price, correct Unit of Measure, correct carton quantity, within the published or “agreed to” lead time*) divided by the total line items ordered.

Recommended Best Practice

- ✓ Manufacturers to measure and trend Purchase Order Accuracy by the percent of line items ordered 100% correctly.
- ✓ Manufacturers to track the number of errors by type to isolate the causes of errors and to facilitate the prevention of future errors.

“Menu” of Key Efficiency Drivers *(continued)*

Freight Efficiency



Recommended Definition

Freight Efficiency = The number of orders that do not meet manufacturer minimum order requirements and the distributor pays a surcharge or the freight, divided by total orders.

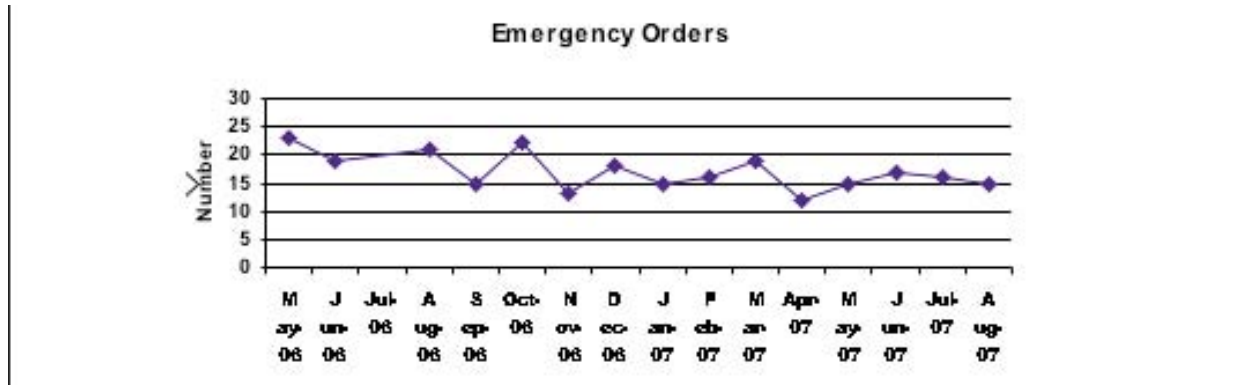
NOTE: Purchase Orders that do not meet minimum order requirements may incur a “small order” processing charge or require the distributor to pay for the freight.

Recommended Best Practice

- ✓ Manufacturers to measure Freight Efficiency by the number of purchase orders that do not meet the minimum order requirements by the dollar value of the orders that do not meet minimums.
- ✓ Distributors to refer to the Manufacturer's Published Policies and Procedures to determine minimum order requirements.



“Menu” of Key Efficiency Drivers *(continued)* Emergency/Expedited Orders



Recommended Definition

Emergency/Expedited Order = Orders requiring special handling, i.e., requested in less than the normal/historical lead times, a negotiated delivery date, or shipment via air freight.

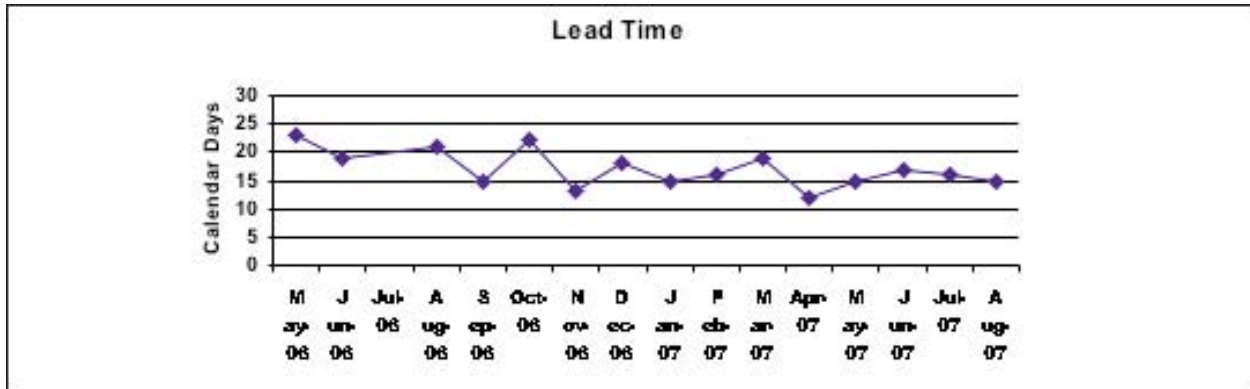
Recommended Best Practice

- ✓ Manufacturers to measure Emergency/Expedited Orders by the number of emergency/expedited orders and the dollar value of the emergency orders.



“Menu” of Performance Measures

Lead Time



Recommended Definition

Lead Time = The time elapsed in calendar days between when an electronic order is issued, or a manual order is accepted, to the receipt of material.

*****2011 Update***** Activant Eclipse Release 8.69's Vendor Scorecard Inquiry measures average lead time as defined above.

Recommended Best Practice

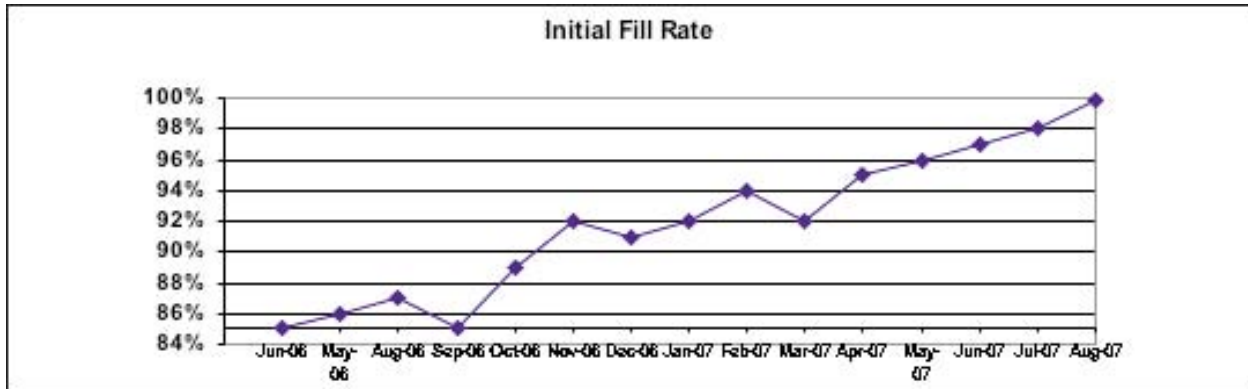
- ✓ **Manufacturer** lead times to be adjusted to reflect calendar days.
NOTE: Consistency of Lead Time is very important to distributors.
- ✓ Orders sent electronically via EDI or Flat File will be measured based on when the P.O. is issued by the distributor.
 - ✓ It is recommended that the manufacturer send an Automatic EDI 997 Acknowledgement in response to the distributor's electronic order.
- ✓ Manual orders will be measured based on when the order is accepted by the manufacturer.
- ✓ It is recommended that manual orders be entered in no more than 72 hours after receipt by the manufacturer's field sales representative.

NOTE: Discrepancies in Lead Time for manual orders must be analyzed to determine if the root cause is inaccurate in-transit time estimates or if sales representatives (direct company or independent) are "holding" orders.



“Menu” of Performance Measures *(continued)*

Initial Fill Rate



Recommended Definition

Initial Fill Rate = Stock line items received complete on **first receipt** as a percentage of stock line items ordered.

****2011 Update*** Activant Eclipse Release 8.69's Vendor Scorecard Inquiry measures initial fill rate as defined above.*

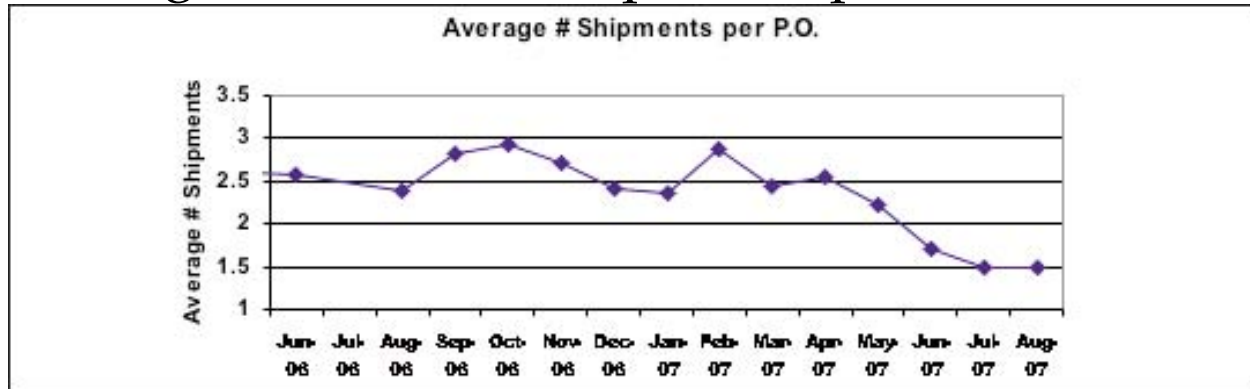
Recommended Best Practice

- ✓ Recommended Best Practice is for orders to be received 100% complete on the first receipt.
- ✓ Items shipped from different distribution centers on different packing lists will be considered separate shipments, even if all items are shipped and/or received on the same day. *NOTE: If the quantity ordered of a stock line item exceeds a full truckload, adjustments must be made to the Initial Fill Rate to accurately reflect the manufacturer's performance. The preferred method is to split the line item into truckload increments at order entry. However, another option is to manually adjust for stock line items that exceed a full truckload. It is recommended that individual channel partners agree on the solution that best matches their joint internal processes and procedures.*
- ✓ ****2011 Update**** If a manufacturer's initial fill rate is below expectations, the manufacturer may want to investigate the fill rate after the second and third shipments.



“Menu” of Performance Measures *(continued)*

Average Number of Shipments per Order



Recommended Definition

Average Number of Shipments per Order = The number of shipments required to complete an order.

****2011 Update*** Activant Eclipse Release 8.69's Vendor Scorecard Inquiry measures the average number of shipments per order as defined above.*

Recommended Best Practice

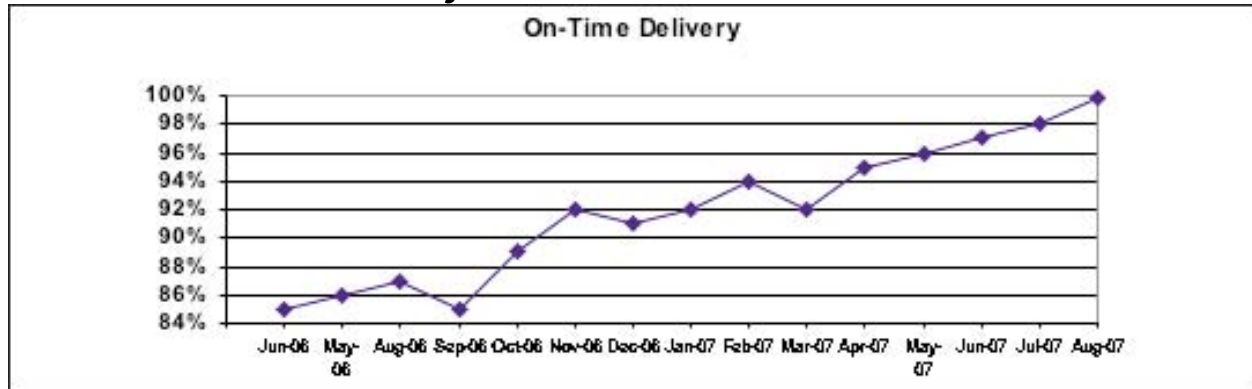
- ✓ Items shipped from different distribution centers on different packing lists will be considered separate shipments, even if all items are shipped and/or received on the same day.
- ✓ In the event that the items on an individual order exceed the capacity of a single truck, *i.e. truckload overflow situations*, it should be considered a single shipment if the trucks depart from the same location on the same day. However if the trucks depart from multiple locations on the same day, it should be considered multiple shipments.

NOTE: Software allows distributors to separate large and/or blanket orders by release and/or date.



“Menu” of Performance Measures *(continued)*

On-Time Delivery



Recommended Definition

On-Time Delivery = The number of lines received complete from the manufacturer by the requested date based on normal/historical lead times or a negotiated delivery date divided by the total lines ordered.

Recommended Best Practice

- ✓ The distributor's request date will be used as the basis of measurement as long as it reflects historical/normal lead times; otherwise the negotiated delivery date will be used as the basis of measurement.
- ✓ It is recommended that the “*default*” request date in each distributor's computer be an accurate estimate of historical lead time rather than ASAP, today's date, or tomorrow.

NOTE: Orders requiring special handling, i.e. requested in less than the normal/historical lead times, a negotiated delivery date, or shipment via air freight are considered emergency/expedited orders and will be measured separately



“Menu” of Performance Measures *(continued)*

Shipping Accuracy



Recommended Definition

Shipping Accuracy = The number of line items received 100% correctly divided by the total line items ordered.

****2011 Update*** Activant Eclipse Release 8.69's Vendor Scorecard Inquiry measures the Shipping Accuracy as defined above.*

Recommended Best Practice

- ✓ Distributors to track and analyze the actual number of errors by the categories of wrong part number, wrong quantity, over-/under-shipment, item not on P.O., no Packing List, and carrier claims.
- ✓ Distributors to evaluate truck line damage versus inadequate packaging separately.



To improve Shipping Accuracy, ask your channel partners the following questions.

Distributor ask Manufacturer

EDI 856 Ship Notice/Manifest
Available?

Yes No*

Online Shipping Information

Available?

Yes No*

UCC 128 Shipping Container Label

Available?

Yes No*

Manufacturer ask Distributor

EDI 856 Ship Notice/Manifest
Used?

Yes No*

Online Shipping Information

Used?

Yes No*

UCC 128 Shipping Container Label

Used?

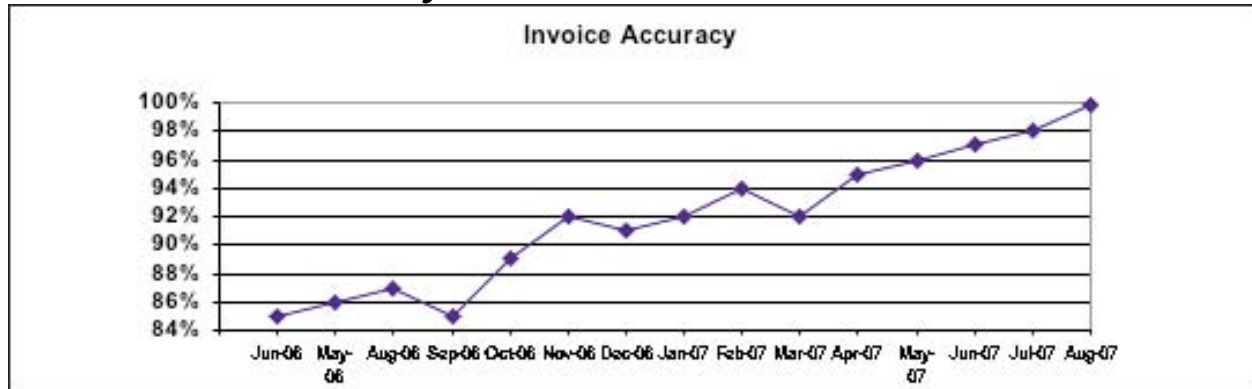
Yes No*

**If No, when will it be available/used?*



“Menu” of Performance Measures *(continued)*

Invoice Accuracy



Recommended Definition

Invoice Accuracy = The number of line items invoiced correctly divided by the total number of line items invoiced.

Recommended Best Practice

- ✓ Distributors to measure the number and types of invoice errors; trend the percent of items invoiced correctly.

To improve Invoice Accuracy, ask your channel partners the following questions.

Distributor ask Manufacturer

Manufacturer ask Distributor

EDI 810 Invoice Available?

EDI 810 Invoice Accepted?

Yes No*

Yes No*

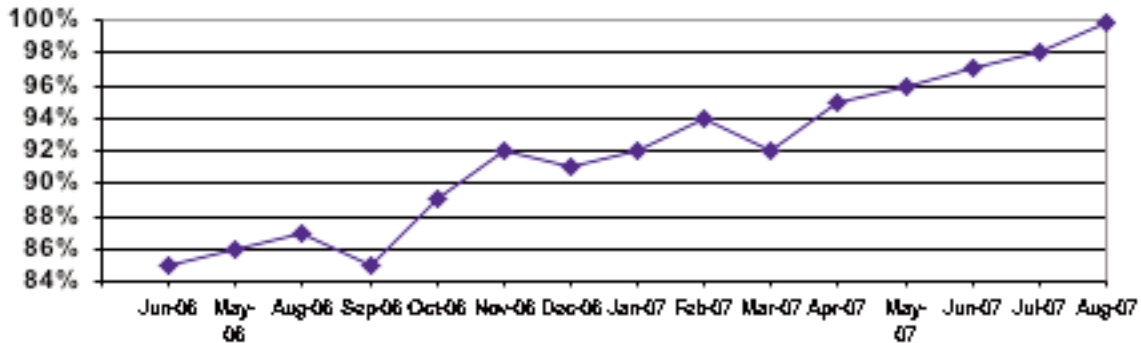
**If No, when will it be available/accepted?*



“Menu” of Performance Measures *(continued)*

On-Time Payment

On-Time Payment



Recommended Definition

On-Time Payment = The total dollar value of past due invoices as a percent of total invoices due.

Recommended Best Practice

- ✓ Manufacturers to measure and trend the total dollar value of a distributor's past due invoices as a percent of total invoices due.



“Menu” of Sales Management Measures

Sales @ Distributor Cost

Recommended Definition

Sales @ Distributor Cost = Stock plus Direct Sales at Distributor Cost to customers.

****2011 Update*** Activant Eclipse Release 8.69's Vendor Scorecard Inquiry measures Sales @ Distributor Cost as defined above.*

Stock Sales @ Distributor Cost

Recommended Definition

Stock Sales @ Distributor Cost = Distributor Cost of the material sold to customers through the warehouse.

****2011 Update*** Activant Eclipse Release 8.69's Vendor Scorecard Inquiry measures Stock Sales @ Distributor Cost as defined above.*

Direct Sales @ Distributor Cost

Recommended Definition

Direct Sales @ Distributor Cost = Distributor Cost of the material sold to customers on shipments direct from the manufacturer.

****2011 Update*** Activant Eclipse Release 8.69's Vendor Scorecard Inquiry measures Direct Sales @ Distributor Cost as defined above.*

Growth in Sales @ Distributor Cost

Recommended Definition

Growth in Sales @ Distributor Cost = Percentage change in sales @ Distributor Cost over a specified time period.

Example:

2009 Sales @ Distributor Cost \$100

2010 Sales @ Distributor Cost \$80

Growth in Sales @ Distributor Cost is 25%

Recommended Best Practice

- ✓ *****2011 Update***** It is recommended that manufacturers benchmark growth of sales @ distributor cost by NEMA Trading Area, regionally, and/or nationally.

*****2011 Update*****

Additional Sales Management Measures

Manufacturers and distributors may also want to consider including additional sales management measures on their scorecards. Examples include New Product Sales, Top 10 Products, Sales by Branch, Product Mix Statistics, Quote Statistics, etc. In addition, there may be marketing measures that individual manufacturers may want to share with individual distributors.

*****2011 Update***** *The 2011 Update to the Guide to How Manufacturer's Measure Distributors reserves space for individual manufacturer measures of New Product Sales, Top 10 Products, Sales by Branch, Product Mix Statistics, Quote Statistics, etc., as well as marketing measures that individual manufacturers may want to share with individual distributors.*



Percent of Stock Sales Subject to SPAs

(Special Pricing Authorizations)

Recommended Definition

Stock Sales Subject to Special Pricing Authorizations = Stock Sales @ Distributor Cost subject to Special Pricing Authorizations (SPAs) from this vendor divided by total Stock Sales @ Distributor Cost from this vendor.

Example: A distributor sells 100 Company Z brand widgets through stock during a specified time period at an in-to stock cost of \$80. Ten of the Company Z brand widgets are subject to a Special Pricing Authorization (SPA), resulting in an in-to stock cost of \$60 each.

90 Widgets @ \$80 In-To Stock	\$7,200
10 Widgets on SPA @ \$60	<u>600</u>
Distributor Cost	<u>\$7,800</u>

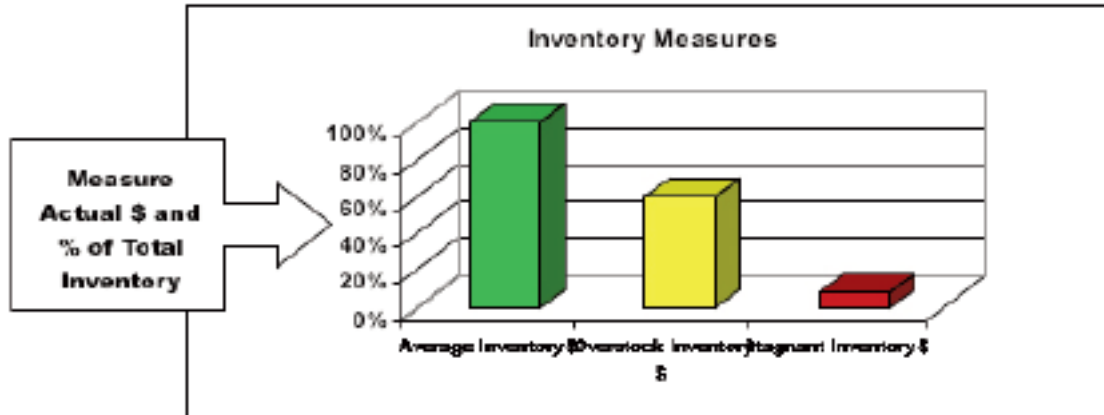
Percent of Company Z Stock Sales Subject to Special Pricing Authorizations = \$600/\$7,800, or 7.7%

Recommended Best Practice

- ✓ *****2011 Update***** It is recommended that manufacturers track Special Pricing Authorizations (SPAs) by product category.

Note: Since SPA% may vary widely month-to-month due to the timing of claim filing, quarterly trending may be more relevant than monthly trending.

Inventory Management Measure “Menu”



Average Inventory

Recommended Definition

Average Inventory = Average of the inventory within the rolling 12 months.

****2011 Update*** Activant Eclipse Release 8.69's Vendor Scorecard Inquiry measures Average Inventory as defined above.*

Overstock Inventory

Recommended Definition

Overstock Inventory = The amount of inventory in excess of a specified number of days supply.

****2011 Update*** Activant Eclipse Release 8.69's Vendor Scorecard Inquiry measures Overstock Inventory dollars and percentage as defined above.*

Recommended Best Practice

- ✓ Overstock Inventory is considered to be more than a 90 day supply of inventory on hand.
- ✓ Distributors should measure both total overstock inventory dollars and the percent of total inventory that is considered overstock.



Stagnant Inventory

Recommended Definition

Stagnant Inventory = Stock items that have not had a sale during a specified time period.

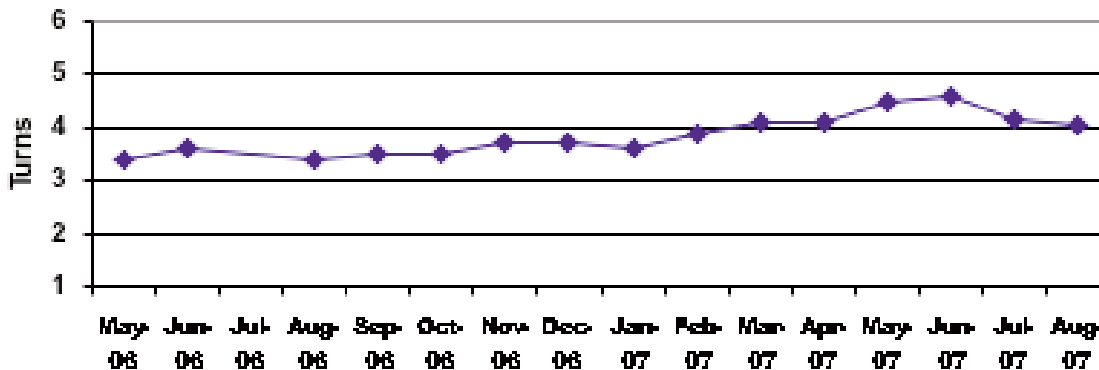
*****2011 Update***** Activant Eclipse Release 8.69's Vendor Scorecard Inquiry measures Stagnant Inventory dollars and percentage as defined above.

Recommended Best Practice

- ✓ The specified time period is not to exceed 12 months.
- ✓ Distributor inter-branch transfers are not considered a "sale."
- ✓ Distributors should measure both total stagnant inventory dollars and the percent of total inventory that is considered stagnant.

Inventory Turnover

Inventory Turnover



Recommended Definition

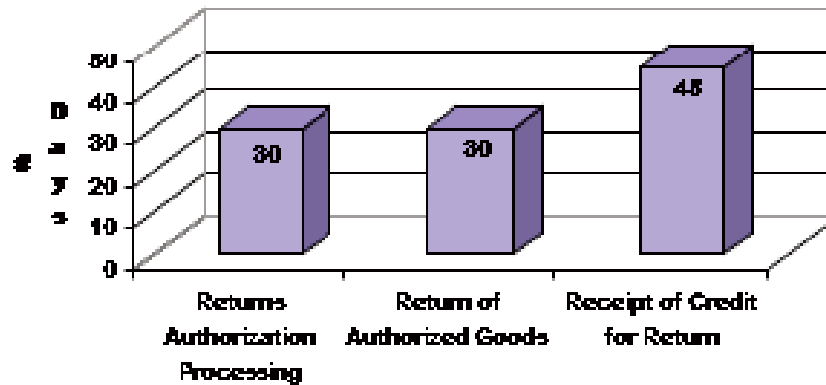
Source: Performance Analysis Review (PAR) Reports: Inventory Turnover = Cost of Goods Sold divided by Average Inventory. *Note: Dr. Al Bates measures Inventory 2 ways in the PAR Report---Cost of Goods Sold of Total Sales and Cost of Goods Sold of Sales through Stock. For purposes of the Supply Chain Scorecard, it is recommended that Inventory Turnover be calculated based on the Cost of Goods Sold for Sales through Stock only.*

*****2011 Update***** Activant Eclipse Release 8.69's Vendor Scorecard Inquiry measures Inventory Turnover as defined above.



“Menu” of Return Management Measures⁴

Returns Management



Return Authorization Processing Cycle Time

Recommended Definition

Return Authorization Processing Cycle Time = The number of calendar days between the initial request for Return Goods Authorization (RGA) and the receipt of authorization for return.

Recommended Best Practice

- ✓ Differentiate between electronic return requests and manual requests and between returns due to errors on specific orders and overstock/annual returns
- ✓ Recommend different cycle times for each type of return.

Return of Authorized Goods Cycle Time

Recommended Definition

Return of Authorized Goods Cycle Time = The number of calendar days between the receipt of authorization for return and the shipment of the items on the Return Goods Authorization (RGA).

⁴ Some manufacturers may also want to measure Return Goods Authorization Requests as a Percent of Sales.

Receipt of Credit for Return Cycle Time

Recommended Definition

Receipt of Credit for Return Cycle Time = The number of calendar days between shipment of the items on the Return Goods Authorization (RGA) and the receipt of the credit for the items returned.

Recommended Best Practice

- ✓ If the credit is not received by the distributor within 45 days of shipment, a deduction may be taken.
- ✓ Distributors should refer to the Manufacturer's Published Policies and Procedures for returns of stagnant and/or overstock inventory.

Note: Discussion of a "Scrap in Field" return policy is out of the scope of this task force.

Profitability Measures

This profitability measure portion of the Vendor Scorecard is intended to serve as a reminder that a Distributor may discuss profitability of a Manufacturer's products in individual discussions with that Manufacturer. Definition of one profitability measure, GMROI, is taken from the Performance Analysis Review (PAR) Reports and is reprinted in the attached definitional section. Distributors should not discuss profitability with other Distributors, and all Distributors and Manufacturers will continue to make their own independent decisions regarding profitability measures and other competitive issues.

****2011 Update*** The 2011 Update to the Guide to How Manufacturer's Measure Distributors reserves space for measures individual manufacturers may want to share with individual distributors.*



“Menu” of Relationship Measures***2011 Update***

Current Situation

The 2010 manufacturer task force contemplated the question, “*What makes a good business relationship?*” And propose the following 5 elements of a good business relationship:⁵

- ✓ Business Alignment
- ✓ Joint Business Planning
- ✓ Investment in the Future of the Business
- ✓ Communications
- ✓ Credibility

Business Alignment

Current Situation

A vital component of a successful channel partnership is the commitment and buy-in of the channel partners’ executives. This requires someone at the top of each channel partners’ organization to decide to make the relationship a strategic priority.

Recommended Definition

Business Alignment— Shared vision, mutual concern, and long-term relationship focus organization-wide. “*Your business matters to us.*”

Recommended Best Practice

It is recommended that channel partners evaluate Business Alignment based on the following criteria:

- ✓ **Business Relationship Excellent/Outstanding (5):** Solid relationships with top executives; buy-in on strategic imperatives from the top of the organization to the bottom; clearly defined roles and goals.
- ✓ **Business Relationship Very Good (4):** Building relationships with top executives; working together to obtain buy-in from the top of the organization to the bottom; in the process of defining roles and goals.

⁵ It is anticipated that a task force of distributors will be appointed Fall 2011 to provide additional input to the Relationship Measures.



- ✓ **Business Relationship Adequate/ Satisfactory (3):** Relationships, buy-in, roles, and goals defined at the Branch-level.
- ✓ **Business Relationship Marginal/Needs Improvement (2):** Relationships, buy-in, roles, and goals defined with individual employees.
- ✓ **Business Relationship Inadequate/Not Acceptable (1):** Roles and goals not clear or conflicting, little or no buy-in at any level of the organization.

Joint Business Planning

Current Situation

A commitment of company resources by channel partners is crucial for effective, coordinated, and successful sales efforts and strategic business initiatives. Yet many manufacturers expect electrical distributors to move ahead on a predetermined schedule or rely on grass roots efforts to achieve sales objectives. However, expecting active support with little or no prior input or advance notice often creates channel friction, inefficiencies, and sometimes even chaos.

Recommended Best Practice

It is recommended that channel partners evaluate Joint Business Planning based on the following criteria:

- ✓ **Joint Business Planning Excellent/Outstanding (5):** Joint business plans consistently look 2-5 years forward.
- ✓ **Joint Business Planning Very Good (4):** Joint business plans most often looks 1-2 years forward.
- ✓ **Joint Business Planning Adequate/ Satisfactory (3):** Joint business plan usually only look 3-12 months forward.
- ✓ **Joint Business Planning Marginal/Needs Improvement (2):** Joint business plans react to market conditions by looking only 1-2 months ahead.
- ✓ **Joint Business Planning Inadequate/Not Acceptable (1):** Little or no joint business planning.

Investment in the Future of the Business

Current Situation

Despite the challenges of today's economy, channel partners must look beyond cost-cutting and make strategic investments in people, products, systems, skills development, and training to ensure future growth of the business.

Recommended Definition

Investment in the Future of the Business— Time, energy and funding consistently invested in people, products, systems, skills development, and training in order to gain a future advantage.

Recommended Best Practice

It is recommended that channel partners evaluate Investment in the Future of the Business based on the following criteria:

- ✓ **Investment in the Future of the Business Excellent/Outstanding (5):**
Pushes my company to invest more in on-line systems, product training, sales skills training, joint calls, and promotions so we can grow market share together.
- ✓ **Investment in the Future of the Business Very Good(4):** Above average investment in the future of the business.
- ✓ **Investment in the Future of the Business Adequate/ Satisfactory (3):**
Average investment in the future of the business.
- ✓ **Investment in the Future of the Business Marginal/Needs Improvement (2):** Some, but not enough, investment in the future of the business.
- ✓ **Investment in the Future of the Business Inadequate/Not Acceptable (1):**
Little or no investment in the future of the business.

Communications

Current Situation

Growing industry sales efficiently and effectively requires the people in the marketplace—*manufacturers, the manufacturers' sales force (whether company direct or independent sales representatives), electrical distributors and the distributors' personnel*—to coordinate efforts. Unfortunately, however, many channel partners often work in a vacuum with little or no personal interaction or understanding of the goals, roles, information requirements, and/or contributions of their channel partners.

Recommended Best Practice

It is recommended that channel partners evaluate Communications based on the following criteria:

- ✓ **Communications Excellent/Outstanding (5):** Ongoing, consistent, responsive, clear, open, honest, and engaged dialog. (For example
- ✓ **Communications Very Good (4):** Most often dialog is responsive, open, and honest.
- ✓ **Communications Adequate/ Satisfactory (3):** Dialog usually responsive, open, and honest.
- ✓ **Communications Marginal/Needs Improvement (2):** May be responsive, but often sends mixed messages.
- ✓ **Communications Inadequate/Not Acceptable (1):** Little and/or vague communications

Credibility

Current Situation

The foundation of any good relationship is the partners' level of confidence in the other party to do what they say they will do. When channel partners can rely on each other to live up to their commitments, all sorts of issues can be overcome and great things can result.

Recommended Definition

Credibility—Reliable and predictable.

Recommended Best Practice

It is recommended that channel partners evaluate Credibility based on the following criteria:

- ✓ **Credibility Excellent/Outstanding (5):** Consistently delivers on promises (95%).
- ✓ **Credibility Very Good (4):** Most often delivers on promises (85%).
- ✓ **Credibility Adequate/ Satisfactory (3):** Usually delivers on promises (75%).
- ✓ **Credibility Marginal/Needs Improvement (2):** May or may not deliver on promises, *i.e.*, "Roll of the Dice" (50%).
- ✓ **Credibility Inadequate/Not Acceptable (1):** Little or no credibility.

What You Can Do

Use a scorecard in your business.

Encourage your channel partners to use a scorecard too!

If you're not sure measuring supply chain performance is right for your company, consider the benefits:

- ✓ Taking costs out of the channel
- ✓ Improving performance to end-customers
- ✓ Enhancing value *and* profitability
- ✓ Strengthening relationships
- ✓ Growing sales

Let Your Voice Be Heard!

What can you do to make sure that the **Recommended Best Practices** is up-to-date? Give us your feedback!

The 2011 updates to the Recommended Best Practices were presented to the electrical industry for a 60-day commentary period that ends July 15, 2011.

Please send your feedback to NAED Customer Service at 1.888.791.2512 or email customerservice@naed.org.

▶▶ To download the most recent **Recommended Best Practices**, go to www.naed.org, roll over the "*Resources*" tab, then click on "*Supply Chain Scorecard*" under the "*Defined Standards*" heading.



Appendix A: Additional Electronic Communications Opportunities

The following is a listing of Electronic Communications Opportunities available to the electrical industry not mentioned elsewhere in this White Paper.

Distributor ask Manufacturer

EDI 214 Transportation Carrier

Shipment Status Available?

Yes No*

EDI 812 Credit/Debit Adjustment Available?

Yes No*

EDI 820 Payment Order/Remittance Advice Available?

Yes No*

EDI 824 Application Advice Available?

Yes No*

EDI 830 Planning and Forecasting Available?

Yes No*

EDI 840 Request for Quotation Accepted?

Yes No*

EDI 843 Response to Request for Quotation Accepted?

Yes No*

Manufacturer ask Distributor

EDI 214 Transportation Carrier

Shipment Status Used?

Yes No*

EDI 812 Credit/Debit Adjustment Used?

Yes No*

EDI 820 Payment Order/Remittance Advice Used?

Yes No*

EDI 824 Application Advice Used?

Yes No*

EDI 830 Planning and Forecasting Used?

Yes No*

EDI 840 Request for Quotation Used?

Yes No*

EDI 843 Response to Request for Quotation Used?

Yes No*



Distributor ask Manufacturer

Manufacturer ask Distributor

EDI 857 Shipping and Billing Notice
Available?

Yes No*

EDI 857 Shipping and Billing Notice
Used?

Yes No*

EDI 860 Purchase Order Change
Request Accepted?

Yes No*

EDI 860 Purchase Order Change
Request Used?

Yes No*

EDI 864 Text Message Used?

Yes No*

EDI 864 Text Message Accepted?

Yes No*

EDI 865 Purchase Order Change
Acknowledgement Available?

Yes No*

EDI 865 Purchase Order Change
Acknowledgement Used?

Yes No*

EDI 867 Product Transfer and
Resale Report⁶ Accepted?

Yes No*

EDI 867 Product Transfer and
Resale Report Used?

Yes No*

EDI 869 Order Status Inquiry
Accepted?

Yes No*

EDI 869 Order Status Inquiry
Used?

Yes No*

EDI 870 Order Status Report
Available?

Yes No*

EDI 870 Order Status Report
Used?

Yes No*

**If No, when will it be accepted/available/used?*

⁶ EDI 867 is used to provide point-of-sale information

Appendix B: Addressed by SPA Task Force

The following is a listing of Electronic Communications documents that have been addressed by the SPA Claim Filing Task Force.

Distributor ask Manufacturer

EDI 844 Product Transfer Account
Adjustment (*SPA Credit Request*)
Accepted?
 Yes No*

<Flat File Version> EDI Transaction
844 Product Transfer Account
Adjustment (*SPA Credit Request*)
Accepted?
 Yes No*

EDI 849 Product Transfer Account
Adjustment Response
(*SPA Credit/Discrepancy*) Available?
 Yes No*

<Flat File Version> EDI Transaction
849 Product Transfer Account
Adjustment Response
(*SPA Credit/Discrepancy*) Available?
 Yes No*

Manufacturer ask Distributor

EDI 844 Product Transfer Account
Adjustment (*SPA Credit Request*)
Used?
 Yes No*

<Flat File Version> EDI Transaction
844 Product Transfer Account
Adjustment (*SPA Credit Request*)
Used?
 Yes No*

EDI 849 Product Transfer Account
Adjustment Response
(*SPA Credit/Discrepancy*) Used?
 Yes No*

<Flat File Version> EDI Transaction
849 Product Transfer Account
Adjustment Response
(*SPA Credit/Discrepancy*) Used?
 Yes No*

**If No, when will it be accepted/available/used?*



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