

Store Operations Manual

DSD / DEX / NEX and Drop Ship Receiving Policy

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This section covers the receiving policy and procedures for all “direct delivery” vendors, i.e., any delivery to the store that is NOT from Smart & Final warehouse stock where payment to the vendor must be processed by the store. This includes special “drop shipments” from vendors that deliver product that is normally ordered through the warehouse (such as water). The following are definitions of terms used in this section:

- DSD – Stands for Direct Store Delivery which refers to a delivery that is delivered to the store by the vendor (as opposed to being delivered from an S&F warehouse). All DSD deliveries must be processed by the store at the time of receiving for payment to the vendor.
- DEX – This term stands for Direct Exchange of invoice data whereby the vendor downloads a DSD invoice into your system using a handheld DEX device.
- NEX – This term stands for Network Exchange of invoice data where the invoice for a DSD delivery is transmitted by the vendor to Corporate and then downloaded by Corporate to your system before the vendor’s truck arrives.
- Desktop Create an Invoice – For vendors that can not download an invoice either through the handheld DEX device or through a NEX transmittal to corporate, the invoice must be entered into the system manually via the “create an invoice” feature on your desktop system or your Psion gun.
- Drop Ship – A drop ship is a delivery from a vendor to a store for product that is normally delivered through an S&F warehouse. Since these deliveries are not coming from an S&F warehouse (and therefore NOT being charged to your RMIA automatically), they must be processed as any other DSD delivery to pay the vendor.
- Special Order Deliveries – A delivery from a vendor (not through the warehouse) that is ordered on a one-time basis for product that is NOT set up in the system and must be paid manually by the Accounting department.

Manager’s Responsibilities:

It is the store manager’s responsibility to ensure that the following policies are adhered to at all times:

- The district trainer must certify all associates receiving direct vendors via DEX/NEX procedure. Under no circumstances may an associate be allowed to receive direct vendors without successfully passing the DEX/NEX certification test.
- Accept the invoice from the vendor and complete the DEX/NEX log kept on the front of the aluminum forms holder.
- The receiving associate must print and sign their name as well as print legibly the driver’s name on the DEX/NEX log.

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- When receiving a delivery electronically, all the information viewed on the Psion gun must be checked to ensure it matches the paper invoice. The Psion gun MUST be used while physically counting in merchandise at the time of delivery (do not check product in from the invoice and then enter the counts in the Psion gun at a later time).
- The DEX/NEX Stamp must be put on all copies of the invoice, i.e. vendor copies and store copy (exceptions made for invoices that do not accompany the delivery). All fields of the stamp must be completed before a signature can be put on the stamp. Since the sequence # is required to be written on the stamp before it can be signed by the store receiving associate, this ensures that the invoice has been entered into the system before the vendor leaves the store. The signature line of the DEX/NEX Stamp is the ONLY place that a store associate can sign for a delivery. No store associate is to put a signature on any other vendor documents!
- The completed DEX/NEX transmission report must be reviewed and signed daily by management. This report must be matched with all invoices received on the day it represents. Suspended invoices need to be filed in a suspended invoice file and work/hold status invoices must be researched immediately. Managers are responsible for making sure that all invoices are handled properly. It is important that all DEX invoices be completed by the end of day. Managers are required to check the “invoice viewer” daily, just prior to leaving; looking for any invoice that was left in “work status.” These invoices were not successfully completed and will not be processed and paid by accounting. They must either be completed or voided prior to the manager leaving for the day.
- The “DEX reports” listings on the company Intranet must be checked a minimum of once per week for any outstanding invoices that are waiting for processing by the store. If an invoice appears on this list that was not received and should be removed, send an email to your District Manager and S&F – DEX Issues requesting deletion from report. Include as much of the stores research information as possible on this message, including the reason why the invoice is outstanding. If the invoice was received, but not paid, enter the invoice into the DEX system using the “create an invoice” option. Enter the invoice number exactly as it appears on the Intranet. Reconciling the invoice this way will automatically remove it from the report.

Standard Receiving Procedures:

1. **RECEIVE DIRECT VENDOR DELIVERIES IN A NEUTRAL AREA OF THE STORE.** The receiving must occur away from the vendor’s truck and shelf location. **IMPORTANT:** Do not leave a vendor unattended at any time when receiving product.
2. **INSTRUCT THE VENDOR TO WAIT IF NO ONE IS IMMEDIATELY AVAILABLE TO CHECK IN THE DELIVERY.** Store management must take into consideration direct vendor’s delivery schedules and complete delivery receiving in a timely manner. If a vendor is going to have to wait more than 10 minutes to be DEX’d in, store personnel must notify them of the delay.
3. **ACCEPT THE INVOICE.** Take the invoice from the vendor and clip it to the front of the form holder in order to eliminate the loss of receiving documents.
4. **DETERMINE IF DEX, NEX OR CREATE AN INVOICE METHOD IS TO BE USED.**
 - DEX - If the invoice is to be DEX’d into the system by the vendor, ask the vendor to do so and then proceed to check in the delivery by following the steps below.

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- **NEX** - If the invoice has been NEX'd into your system through corporate, receive the delivery against the NEX invoice in the system by following the steps below.
IMPORTANT: If an invoice should have been downloaded to your system as a NEX invoice through Corporate, but is NOT in your system, contact the HELPDESK immediately for further instructions.
 - **Manual Create an Invoice** - If the vendor cannot download a DEX invoice and it has also not been NEX'd into the system through Corporate, you must manually enter the invoice details via the "create an invoice" feature on your desktop or Psion gun. This includes deliveries from UPS or other 3rd party drivers that may only have a Bill of Lading to present you at the time of delivery (see below for further details).
5. **VERIFY QUANTITIES RECEIVED.** Verify on the Psion gun line-by-line that the quantity billed matches the actual product received. Do not be rushed while checking in merchandise. Verify the count received on the gun. Circle and initial the count received on the invoice.
 6. **DOCUMENT SHORTAGES.** When you have completed checking in the delivery, indicate on the invoice any shortages and have the vendor sign the invoice.
 7. **STAMP THE INVOICE WITH THE DEX/NEX STAMP.** After you have completed checking in the delivery, you must apply the DEX/NEX stamp to the invoice (store copy and vendor copy) and write the date, receiver's signature, receiver's printed first and last name, and DEX sequence number in the appropriate sections of the stamp. All of this information must appear on both the vendor's copy of the invoice and store copy. This written information, including the signature, must be legible. The information provided on the DEX stamp is proof of delivery for the store and vendor. **IMPORTANT:** The signature line of the DEX/NEX Stamp is the **ONLY** place you can sign for a delivery. Do not put a signature on any other vendor documents! **DO NOT** apply this stamp and sign for the delivery until the invoice has been successfully accepted into the system and you have a sequence # to reference.
 8. **SECURE THE INVOICE.** When you have completed all of the above steps, place the store copy of the invoice (Bill of Lading, etc) inside the form holder. Keep possession of the signed invoice and do not give it back to the vendor. This prevents the vendor from making unauthorized adjustments to the invoice. **IMPORTANT:** Secure the form holder in a designated area in the store, which is inaccessible to vendors and customers.

Procedures for Credits and Returns:

1. Credits should be documented on a separate invoice/memo.
2. Verify and document all vendor spoils and credits prior to their disposal (check weights if applicable).
3. When checking out credits, count the quantity of items going out and verify the count matches the invoice. Ensure the same product on the invoice is the product leaving the store.

Bill of Lading/Packing Slip Only Deliveries:

If a delivery arrives without an invoice and only a Bill of Lading (BOL) or Packing Slip for support, you will need to enter the receiving manually using the "create an invoice" feature on your desktop. It is important to do this immediately upon receiving to update your inventory records in a timely manner. Since you will not have the invoice number or dollar amounts you will only be able to enter quantities received and

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you will not be able to complete the invoice, but will instead have to leave it in “X” status. **IMPORTANT:** When the invoice arrives at a later date (usually in the mail), you will need to complete the invoice entry in order for it to be transmitted to Corporate for payment.

Special Order Receiving Procedures:

When a special order is received for product that is not set up in the system, you must put the DSD stamp on the invoice that comes with the product and fill in all fields except the Sequence # field (which does not apply since you will not be able to enter it into the system for a sequence #). Once you have completed and signed the stamp, list the invoice separately on your RMIA Checkoff Sheet and send the invoice to Accounting for payment processing.

Policy for Refusing DSD Deliveries:

1. Requests for canceling pre-arranged drop shipments must be made by the District Manager with a minimum of 48 hours notice of scheduled delivery time.
2. If an exception is made to the 48 hour minimum notice in number 1 above, the store will incur any and all delivery charges due the vendor.
3. If circumstances beyond store control occur that force the store to refuse a delivery that has arrived at the store, the refusal may only be made with Regional Vice President approval.