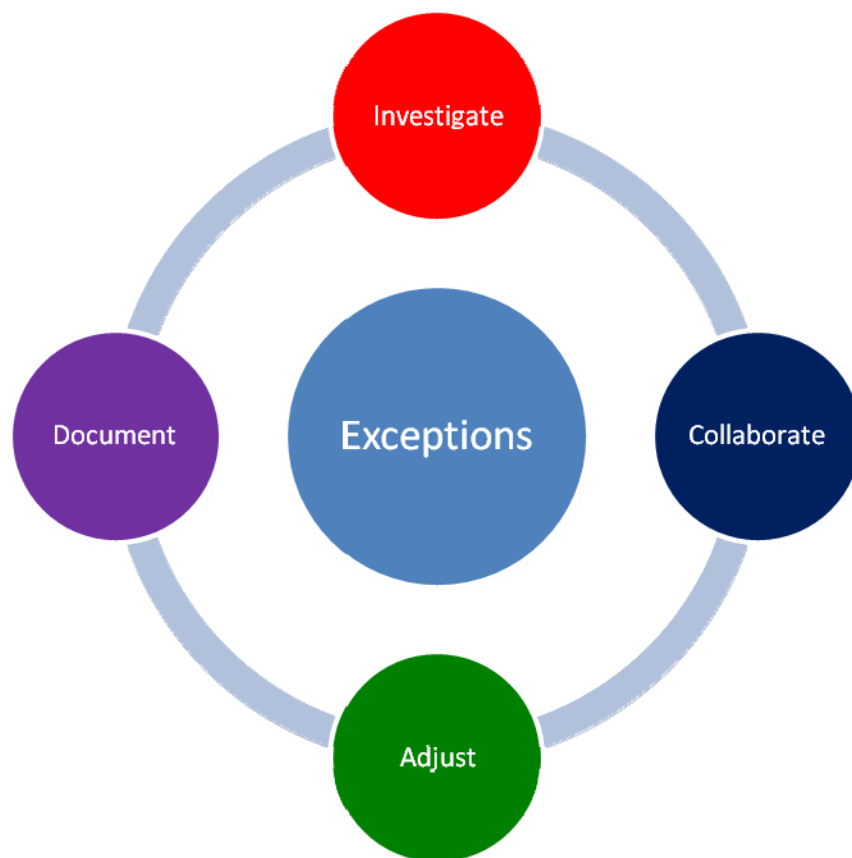




**Customer
Care Tips
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Customer Care Tip



Exceptions Happen!

One thing you no doubt know by now is that Exceptions Happen! Hopefully you also realize that the Datalliance System is fantastic at identifying exceptions and categorizing them for your review via OP Management, Product Activity (PA) Errors, and Alerts. The Datalliance System is built upon the premise that mutually agreed to performance objectives will be set and that the replenishment model will be configured to meet these objectives so that a large percentage of replenishment decisions are made automatically, leaving the Planner to monitor for exceptions. With all of the different types of exceptions that are identified and reported, Planners have struggled with how to approach and handle the exceptions in a consistent and efficient fashion.

In a moment of caffeine-induced clarity, we came up with a mantra for the approach to sorting out and dealing with all of the exceptions that are identified by the Datalliance System. This simple, 4-step process, when followed, ensures that all types of exceptions that the system identifies will be dealt with consistently, completely, and in a manner that strengthens VMI relationships and replenishment decisions.

The Mantra

The exceptions mantra is Investigate, Collaborate, Adjust, and Document (or ICAD for short). Follow the mantra for each and every exception, and see if you feel less overwhelmed about the exceptions with which you are presented. And remember, we're here to help you live the mantra!

So, why create a mantra? First, it simplifies the process. No matter what type of Exception you are managing, following this process will ensure success. Secondly, it helps everyone stay focused on the common purpose of managing by exception. Each and every exception, or group of exceptions, needs resolution to enable the system to continue to function at an optimal level. Focusing your efforts and working through the issues systematically leads to better results. The Datalliance System *identifies* the exceptions for you via OP Management, PA Errors, and Alerts, based on parameters set. It is the Planner's mission to follow the mantra...Investigate, Collaborate, Adjust, & Document.

Investigate

Not all of the exceptions identified will necessarily lead to immediate and/or incorrect replenishment decisions being made. However each indicates a situation that needs to be investigated and evaluated to optimize replenishment decisions. Again, the Datalliance system identifies the exceptions and counts on the VMI Planner to investigate and uncover the reason behind each exception. The investigation is at the location/item level. Investigation can be as simple as reviewing a PA Error and determining that the Distributor fat-fingered the Catalog ID when they created the item or may require more intensive research of demand history to determine whether a demand or order point override is needed. The Planner's goal should be to understand as much about the item and its activity as possible in order to gather what is needed to move on to the next step of the mantra.

Collaborate

Collaboration is defined as, "to cooperate with or willingly assist," and is the core of every successful VMI strategy. It is the ongoing collaboration between supplier and distributor that builds the kind of relationship that makes VMI a viable and profitable business initiative. Exception management is the perfect opportunity to put collaboration into practice as neither party (supplier or distributor) has all the information, while together they do. Your distributor can add insight to your investigation that will lead you successfully to the next stage...adjustment. For example, if you are reviewing an OP/Demand Spike, chances are that the Distributor can quickly confirm the one-time sale of 10,000 units as unusual or that a new item will quickly result in a steady flow of business where previously there was none.

How you collaborate with your distributor should be defined as much as possible up front, will likely be different for each Supplier/Distributor relationship, and can (and probably will) change over time. Some distributors may be more responsive to e-mail while the only way to get another may be to pick up the phone and give them a call. Wherever possible, Datalliance would like provide the Planner with an efficient way to Collaborate. For PA Errors, Datalliance offers the PA Mismatch report, delivered via e-mail, to help make the Identification and Collaboration process more efficient. For Collaboration regarding PO Worksheet Alerts, Datalliance offers the PO Worksheet Alert Summary, Suggested Transfer, and Post Launch Summary reports. The more you Collaborate up front on appropriate parameters and actions for Alerts, the less item level Collaboration is required during order review/launch, allowing you to rely on the Post Launch Summary report to detail the actions taken based on previous Collaboration. For OP Management, Datalliance offers spreadsheet downloads for new items and Distributor access to Item Details via a secure website to assist in the Collaboration process. If you have ideas as to how we can make you more efficient in this step of the mantra, please let us know!

Important Note: Start the collaboration process as early as you can after identifying and investigating the exceptions. It may take a little time to get in touch with your distributor, and then he/she may need some time to look into things on their end, and then get back to you. The last thing you want to be doing on order day is panicking over an unresolved exception and nervously waiting for your distributor to get back with you.

Lastly, you shouldn't just guess or assume what the real issue is behind the exception. When you guess at the cause, or assume something caused the exception, you run the risk of taking the wrong action, which can result in a poor replenishment decision.

Adjust

When necessary, and based on your collaboration with the distributor, make the necessary adjustments within the system. An important note here is that you should only adjust when necessary, and that you don't always have to change something just because an item was brought to your attention via OP Management, PA Errors, or an Alert. In fact, it can be just as bad to make an adjustment as to not make one, depending upon the situation.

For OP Management items, typical 'Adjustments' are to set OP, Demand, and/or Status Overrides. For PA Errors, an adjustment may be to create a cross reference for an incorrectly identified item, change the Cat ID/UPC value so that it 'matches', or to simply delete the error. If you are sending the mismatch report, it may be that you take no action and leave all action to the Distributor (correct and resend) unless otherwise instructed. For Alerts on PO Worksheets, a typical adjustment would be to remove an item, change its order quantity, or add a replacement item.

Document

For each action that you take within the Datalliance System, make sure you leave yourself a record of what you did and why you did it. It doesn't have to be a book, but just a quick note about what you did and why. This will serve as a reminder to you, as well as a record of the conversation you had and the action you determined collaboratively, in case there is a dispute later. So, if you are taking action to correct or delete a PA Error, send an e-mail to cover your trail. If you are setting a demand, OP, or status override for an item, put in a comment and expiration date at the same time. If you are making changes to an item on a PO Worksheet due to an Alert or other buyer instruction, type in a comment.

One of the biggest mistakes that new VMI Planners make is to think, "I'll remember that change.", not document the details in the system, and then forget all about it next week or 4 months later. It doesn't take much time when you are creating an override to document your work, but it will save loads of time when you have to deal with it again when a buyer questions a replenishment decision driven by the override you set or the override is about to expire.

Summary

Exception handling is an important part of a VMI Planner's Exceptional Life. Following the Investigate, Collaborate, Adjust and Document (ICAD) mantra for the exceptions identified for you will dramatically improve your results. And, as always, if you have questions, please give us a call on the Customer Care toll free line (888.364.3361) or shoot us an e-mail (ccare@datalliance.com).