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Reminder: Walmart's stricter delivery standards are here!

Thanks to the August 2017 edition of Logistics Management magazine for the reminder that Walmart's stricter vendor compliance requirements kicked in as they relate to delivery standards.

Instead of the previous four-day shipping window, suppliers now only have a two-day window in which to ship their goods. The compliance rate for this metric has increased from 90% to 95%.

The financial penalty for deliveries that are non-compliance is 3% of the cost of the goods.

(For readers of my either of my books, "Successful Supply Chain Vendor Compliance" or "Detecting and Reducing Supply Chain Fraud", you will be aware that penalties assessed across the entire value of the shipment may be considered punitive when compared to the actual financial damages and administrative fees incurred, and the excessive penalties could thus be considered illegal according to the Uniform Commercial Code.)

The article also informs that the 3% fee is also applied when less than 95% of the order is received by the Must Arrive By Date (MABD). So if you as a vendor cannot get 95% or more of your order to Walmart by the MABD, you should cancel the purchase order and can do so without penalty ... at least without immediate financial penalty. Certainly, too many canceled purchase orders will not look favorably on your vendor scorecard and will eventually start to put your vendor relationship at risk.

The changes are necessary, according to Walmart, to cut costs and avoid having the stores act as warehouses and stock too much inventory, shifting to a more just-in-time business model.

These changes are bound to cause concern to many Walmart vendors who will now be forced to make-to-stock, increase their distribution performance, and likely automate their supply chain software systems to run 24/7.

On Walmart's side, I hope that they have stepped up to the plate and improved their vendor compliance guidelines, revamped their vendor compliance portal, and added vendor help personnel throughout their various departments (e.g. technology, logistics, vendor compliance) to ensure vendor questions are immediately and accurately answered.

If you are a retail vendor and need help in improving your operational performance, getting a grip on the right ERP and EDI technologies including integrating them together, and controlling chargebacks, reach out to me for help. With all else being equal in manufacturing and/or distributing a quality product, what wins the game these days is supply chain performance execution. As the author of the first – and I believe still only – book on supply chain vendor compliance, I bring the experience, expertise, and perspective you need to win against your competitors and keep your retail customers truly supply chain partners.

Thanks.

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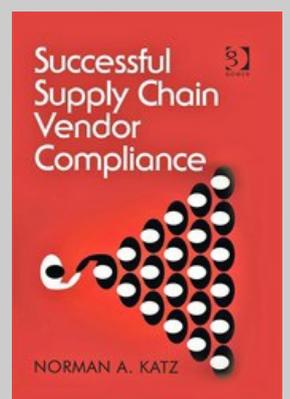
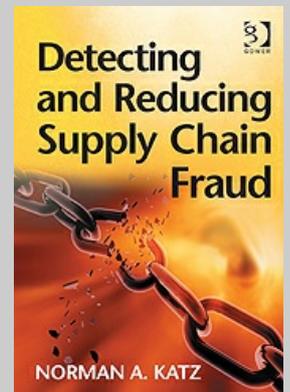


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