Zappos Vendor Scorecard Guide

2018 Version

Zappos Vendor Scorecard Guide

Table of Contents   Page

SECTION 1: The Why?

By instituting a Vendor Scorecard program Zappos and 6pm (referred to herein as **"Zappos Merchandising"** or "**Zappos**") goal is to provide visibility and accountability to our vendor partners to have a world class product procurement process. Zappos ultimately sees that by having the most efficient procurement process a better customer experience will be the result; the right inventory in the right quantities at the right time.

SECTION 2: How to Read the Zappos Vendor Scorecard

The Zappos Vendor Scorecard currently measures performance of Vendors across three procurement interactions:

1. Fulfillment of a PO – Meaning Zappos ordered X amount of products and Vendor fulfilled Y amount of products.
2. PO Communications and Timeliness – Meaning Zappos requires EDI communications for all POs and requires these communications within certain timeframes.
3. Shipment Guidelines for POs – Meaning Zappos has requirements for how/when shipments shall be requested for routing and how they are shipped.

Report Timeframe

The timeframe for each scorecard report will be a historical view of vendor performance as of the most recent completed month, with a rolling six month view of history to assess trend over time. Thus, the report a vendor receives in November will be a reflection of historical performance through October. It's important to note that vendors may see timestamps that go beyond the current "as of" month for the scorecard. This is because the scorecard is calculating all POs that shipped within that month, so a PO that ships on October 31st could have potential receipts into the following months based on transit times and other factors. The Zappos timeframe for PO crossover activity is 15 days into the start of the next month. Since some POs may incur additional receipt activity after a scorecard report has been distributed, vendors may see adjustments that are made retroactively to metrics in subsequent scorecard reports.

> *For example*: A PO that ships on October 31st and has receipts occur after November 15th would not have that receipt information included on the original October Scorecard. Instead it would be adjusted and shown on the November Scorecard that will also contain the historical Scorecard for October.

Samples

A high level breakdown of a sample scorecard is included below. For a detailed breakout please see Appendix A.

Here is a sample of the recorded data you can expect to see on your scorecard on the Parent Company Level tab and the Supplier Level Tab:

1. **Parent Company Scorecard Tab**- A summary sheet is the first tab of the Vendor Scorecard and includes an aggregate view of vendor performance for the KPI's identified. This view is at the "Parent" level meaning that all suppliers (as they are setup in the Zappos system) underneath the Parent Company are included in the aggregate metrics.

2. **Supplier Level Scorecard Tab**– Similar to the "Brand" level, this sheet aggregates each Supplier (as setup in the Zappos system) the same information as the Summary sheet. This segmentation will often follow logical gender and/or product category segmentation. It's important to note that if a vendor's brand is not broken out into multiple Suppliers in the Zappos system then this tab will mirror what was seen on the Summary sheet.

Here is a sample of the recorded data you can expect to see on your scorecard on the Parent Company Level tab and the Supplier Level Tab:

Shippings & Fill Rates	Vendor Target
Number of POs with More Than One(1) Dispatch	0
Highest # of Dispatches on a Single PO	1
Total Quantity Ordered	-
Total ASN Quantity	-
Total Units Received	-
Received vs ASN Quantity	100%
Fill Rate	100%
PO Communication	**Vendor Target**
Sending Invoices?	Y
Invoice Failure Rate	0%
Sending PO Confirmations?	Y
PO Confirmation Failure Rate	0%
PO Confirmations sent within 48 hours?	Y
PO Confirmations sent at least 7 days before Start Ship Date?	Y
Sending Advanced Shipping Notices?	Y
Advanced Shipping Notice Failure Rate	0%

3. **Monthly PO Detail Tab –** This tab will show the individual POs and how they performed across each point of measurement. This sheet may aid in more detailed analysis and research to determine how individual POs contributed to the Parent Company/Supplier level totals

Example of the Monthly PO Detail Tab:

PO Number	PO CLOSED Date	# of Dispatches (Only 1 Dispatch Allowed per PO)	Qty Received vs. ASN Qty	Received vs Ordered Quantity (Fill Rate%)	Qty Ordered	ASN Qty	Qty Received	Sending Invoices?
Vendor Target		1	100%	100%				Yes

Invoice Failing?	Sending PO Confirmations?	PO Confirmations Failing?	PO Confirmations sent within 48 hours?	PO Confirmations sent at least 7 days before Start Ship Date?	Sending Advanced Shipping Notices?	Advanced Shipping Notices Failing?
No	Yes	No	Yes	Yes	Yes	No

4. **Monthly EDI Detail Tab**– This tab shows the specific information on individual EDI document transmissions that were used to calculate the PO messages receipt/non-receipt and their timeliness. This sheet may also aid as a more detailed pointe of reference to investigate how individual EDI transmissions contributed to the aggregate PO communication metrics displayed on the Parent Company/Supplier Level scorecard sheets.

Example of Monthly EDI Detail:

EDI Doc Type	File Creation DateTime	File Interchange TimeStamp
Edi Transaction Set Id	Edi Transaction Set Id Cnt	Errored Edi Transaction Set Id Cnt

SECTION 3: FAQs

1. **What timeframe is included in the Zappos Scorecard that I received?**

   Answer – The timeframe for each report received will always be looking back at the previous month. For example, the report a Vendor receives in November will be showing past performance through the end of October. It's important to note that Vendors may see timestamps that go past the end of the month in which the Scorecard is measuring performance. This is because the Scorecard is calculating all POs that shipped within that month, so a PO that ships on October 31st could have potential receipts into the following months based on transit times and other factors. The Zappos timeframe for a PO crossover is 15 days into the start of the next month. Due to the POs that may carry-over into subsequent months, vendors may see adjustments on previous scorecards if receipt data happens after a scorecard report has already been sent out. For example, a PO that ships on October 31st and has receipts occur after November 15th would not have that receipt information included on the original October scorecard. Instead it would be adjusted and shown on the November scorecard that will also contain the historical Scorecard for October. Zappos will provide rolling 6 months data on each vendor Scorecard that is sent.

2. **Does Zappos have Chargebacks or Offset Charges in place for Vendor infractions?**

   Answer – Non-compliance with Scorecard performance measurements, may result in a chargeback. Our current focus is to provide our partners with visibility/transparency into performance data and highlight opportunities for improvement that will have a tangible impact on our shared goals for the procurement process. Our Vendor Compliance and Support team will contact any vendors who have continuous or high volume issues captured on the scorecard. Contacts of non-compliance relate to EDI communications, low fill rate percentages, multiple dispatches on a single PO, etc.

3. **I would like to learn more about the Zappos Vendor Scorecard program or have feedback, who should I contact?**

   Answer – We're very glad you are interested in the program! Please email vendorsupport@zappos.com for any general questions/feedback and they will be happy to help.

4. **I have a dispute with a performance metric on the Zappos Vendor Scorecard, who do I contact?**

   Answer – Please email vendorsupport@zappos.com and they will be happy to discuss and find a resolution to your inquiry.

5. **I did not receive the Zappos Vendor Scorecard for this month, who do I contact?**

   Answer – Please email vendorsupport@zappos.com with your email address that the Scorecard should have been sent to, a recent and valid Zappos PO associated to your brand, and your full name and contact information. Failure to provide all of this information will cause a delay in the response/resolution of your inquiry.

   The Vendor Compliance and Support team strongly encourages our vendor partners to setup an internal distribution list (DL) (e.g. "compliance@mybrand.com") to receive the scorecard emails, particularly in cases where more than 1 person wishes to receive the scorecard reports. This setup will help ensure that all brand compliance stakeholders have consistent relationships defined in the Zappos system and will all receive the same reports each month.

6. **How do I get added to the Zappos Vendor Scorecard email distribution List?**

   Answer – Please email vendorsupport@zappos.com with the email address you wish to have the Scorecard report sent to, a recent and valid Zappos PO number for your brand, and your full name and contact information. Failure to include all of this information will cause a delay in adding your email address to the distribution list.

7. **How can I get a copy of an old Zappos Vendor Scorecard sent to me?**

    Answer – Depending on when the requested brand was added to the Scorecard program Zappos may be able to provide this information. Please email vendorsupport@zappos.com with the requested month, a recent and valid Zappos PO number for the brand you wish to receive the Scorecard, and your full name and contact information. Failure to include all of this information will cause a delay in executing your request.

8. **I have sent a request/question to vendorsupport@zappos.com but I have not heard back yet, what should I do?**

    Answer – The SLA for responses from the Zappos Vendor Compliance and Support Team is 24 hours (not including weekends or holidays). If your request falls outside of this timeframe please make sure to check your spam folder and add vendorsupport@zappos.com to your email contact list.

9. **Is there a difference between the Zappos and 6pm Scorecards?**

    Answer – No. The same KPIs are utilized across each Scorecard.

10. **Why did I receive multiple scorecards for my brand/company? Why did a compliance stakeholder for my brand receive a different set of scorecards?**

    Answer – Zappos currently distributes vendor scorecards based on the individual supplier configuration and parent company associated to the supplier. This means if you are a compliance contact for multiple suppliers under the same parent company, you will receive one scorecard. If you are a contact for multiple suppliers under multiple parent companies you will receive a scorecard for each parent company. If a colleague for your brand is receiving a different subset of scorecards, please contact vendorsupport@zappos.com to verify how your compliance contacts are setup. We may also recommend setting up a compliance DL to streamline distribution and scorecard delivery.

SECTION 4: Contact

For any questions regarding the Zappos Vendor Scorecard please consult with your internal Vendor Compliance contact that is receiving the Zappos Scorecard. If you are unable to get the answers you need the Zappos Vendor Compliance and Support Team is happy to help and can be reached at vendorsupport@zappos.com.

SECTION 5: Glossary

KPI – Key Performance Indicator – KPIs are used to provide visibility to components of the Scorecard that Zappos has chosen to focus on and measure against.

PO – Purchase Order – This is the acronym for a Zappos purchase order for goods from a Vendor.

Offset Charge – This is the term used to indicate a cost penalty will be associated to a Vendor Scorecard infraction. This is also commonly known throughout the industry as a chargeback.

SLA – Service Level Agreement – This is an industry standard term used to identify the service level that Zappos is committing to in terms of the specific activity referenced. For example the SLA for a response to the Zappo Vendor Support Team is 24 hours.

Dispatch – The Zappos term used to identify a Routing Request for a particular Purchase Order (PO).

ASN – Advanced Shipping Notice – ASN is the industry standard acronym used for an EDI communication that is sent to Zappos when products ship.

Appendix A

Parent Company Scorecard/Supplier Level Scorecard: **Shipping & Fill Rates**

Metric	Target	Data Details	Notes
# POs With More Than One(1) Dispatch	0	Total Count of POs in report month where >1 dispatch has been logged.	Dispatch = Routing Request Attempt
Highest # of Dispatches on a Single PO	1	Returns MAX value of dispatch requests against a single PO during an individual report month	All POs expected to have min/max of 1 routing request.
Total Quantity Ordered	N/A	Displays the total sum of unit quantity requested on the purchase order for all POs within the given receipt month.	No target provided since order activity may be variable and tied to multiple factors
Total ASN Quantity	N/A	Displays the total sum of unit quantity on all Advanced Shipping Notices transmitted for POs within a given receipt month.	No target provided since order activity may be variable and tied to multiple factors
Total Units Received	N/A	Displays the total unit quantity received at the Zappos warehouse(s) for POs within a given report month.	Total(s) are inclusive of, and will reflect any receiving adjustments that may occur over time.
Received vs ASN Quantity	100%	[Total Units Received]/[Total ASN Quantity] Expressed as a ratio of units received to units on ASN(s) for POs in the report month.	An exact match between units received and units on corresponding ASNs will yield 100%.
Fill Rate	100%	[Total Units Received]/[Total Quantity Ordered] Expressed as a ratio of units received to units ordered for POs in the report month.	Displays the percentage of units received at Zappos warehouse(s) against the total quantity of units requested on the Purchase Order

Parent Company Scorecard/Supplier Level Scorecard: **PO Communication**

Metric	Target	Data Details	Notes
Sending Invoices	Y	Displays Y/N based on whether an EDI 810 (invoice) transmission attempt is found for all POs in report month.	Any PO w/out an invoice attempt in current report month will result in 'N'
Invoice Failure Rate	0.0%	[Count of EDI 810 Failed Transmissions]/[Total EDI 810 Transmissions]	Displays a ratio of Failed EDI 810 transmission attempts vs. Total EDI 810 transmission attempts
Sending PO Confirmations	Y	Displays Y/N based on whether an EDI 855 (PO confirmation) attempt is found for all POs in current report month.	Any PO w/out an PO Confirmation attempt in current report month will result in 'N'

PO Confirmation Failure Rate	0.0%	[Count of EDI 855 Failed Transmissions]/[Total EDI 855 Transmissions]	Displays a ratio of Failed EDI 855 transmission attempts vs. Total EDI 855 transmission attempts
PO Confirmations sent within 48 hours	Y	Calculates if timestamps for EDI 855 transactions all have occurred within 48 hours of PO Release timestamp	Any PO where an EDI 855 transaction occurred beyond the 48 hour window within the current report month will result in 'N'
PO Confirmations sent at least 7 days before Start Ship Date	Y	Calculates if timestamps for all EDI 855 transactions for current report month have occurred at least 7 days prior to the Start Ship Date defined on the Zappos PO.	
Sending Advanced Shipping Notices	Y	Displays Y/N based on whether an EDI 856 (ASN) attempt is found for all POs in current report month.	Displays a Boolean indicator for whether the supplier is sending EDI 856 (ASN) transactions
Advanced Shipping Notice Failure Rate	0.0%	[Count of EDI 856 Failed Transmissions]/[Total EDI 856 Transmissions]	Displays a ratio of Failed EDI 856 transmission attempts vs. Total EDI 856 transmission attempts

Parent Company Scorecard/Supplier Level Scorecard: **Monthly PO Detail**

Display Metric	Target	Data Details	Notes
PO Number	N/A	Zappos PO Number	Unique ID number that Zappos associates with the purchase order
PO CLOSED Date	N/A	Timestamp of PO lifecycle status change to from any open status to 'Closed'	POs may be re-opened multiple times after being closed. For these cases, the display will reflect the most recent 'Closed' timestamp.
# of Dispatches (Only 1 Dispatch Allowed per PO)	1	Displays count of all dispatches recorded for purchase order.	
Qty Received vs. ASN Qty	100%	[Total Units Received]/[Total ASN Quantity]	Expressed as a ratio of units received to units on ASN(s) for a specific PO
Received vs. Ordered Quantity	100%	[Total Units Received]/[Total Quantity Ordered]	Expressed as a ratio of units received to units the purchase order
Qty Ordered	N/A	Total Quantity Ordered on the PO	
ASN Qty	N/A	Total unity quantity transmitted on the Advanced Shipping Notice (ASN)	
Qty Received	N/A	Total PO unity quantity received in the Zappos Fulfillment Center	
Sending Invoices	Yes	Displays Yes/No based on whether an EDI 810 (invoice)	

		transmission attempt is found for the PO	
Invoice Failing?	No	Displays Yes/No based on whether any EDI 810 (invoice) transmissions failed for the PO	
Sending PO Confirmations?	Yes	Displays Yes/No based on whether an EDI 855 (confirmation) transmission was attempted for the PO	
PO Confirmations Failing?	No	Displays Yes/No based on whether any EDI 855 (confirmation) transmissions failed for the PO	
PO Confirmations sent within 48 hours?	Yes	Displays Yes/No based on whether an EDI 855 (confirmation) was transmitted within 48 hours of the PO release timestamp	
PO Confirmations sent at least 7 days prior to Start Ship Date?	Yes	Displays Yes/No based on whether an EDI 855 (confirmation) was sent at least 7 days prior to the Start Ship Date found on the purchase order	
Sending Advanced Shipping Notices	Yes	Displays Yes/No based on whether an EDI 856 (ASN) transmission attempt is found for the PO	
Advanced Shipping Notices Failing?	No	Displays Yes/No based on whether any EDI 856 (ASN) transmissions failed for the PO	

Parent Company Scorecard/Supplier Level Scorecard: **Monthly EDI Detail**

Metric	Data Details	Notes
PO ID	Zappos PO Number	Unique ID number that Zappos associates with the purchase order
Document Type	Numeric identifier for EDI Standardized document	
File Creation DateTime	Timestamp logged when the EDI doc was generated	
File Interchange DateTime	Timestamp logged when EDI doc transmission	
EDI Transaction Set ID	Unique identifier for EDI document transaction	
EDI Transaction Set ID Cnt	Count of EDI Transactions for the current set	
Errored EDI Transaction Set ID Cnt	Count of EDI transactions with errors for the current set	