MANOR

Guide

for the flow of goods

Cross-Docking II

Manor AG

Contents

1. Introduction

This document aims to provide a comprehensive overview and insight into the Cross-Docking II flow of goods. The structure of the document is 'chronological' with regard to the delivery sequence, with general remarks at the beginning and end. On the last page there is a checklist covering all areas to help during and prior to the transition.

This document is available to view online at https://www.manor.ch/de/u/suppliers-en. After each main point there is a short introduction. In the following document the masculine form applies to all genders.

1.1. Graphs, tables and list of templates

The corresponding templates can also be found on the intranet.

1.2. Glossary / Comments on the document

EAN	European Article Number
EDI	Electronic Data Interchange
DESADV	Despatch advice message (EDI message)
GLN	Global Location Number
HOV	(Distribution centre) Hochdorf
INVOIC	Invoice (EDI message)
DPT	Schedule planning tool
MOQ	Minimum order quantity
MDE	Mobile data acquisition device
MOE	(Distribution centre) Möhlin
ORDERS	Orders (EDI message)
SLA	Service level agreement
SKU	Stock-keeping unit (smallest item unit)
SSCC	Serial shipping container code
PU	Packaging unit
DC	Distribution centre
RP	Replacement period
DFO	Manor merchandise management system

1.3. **What is Cross-Docking II?**

Manor has previously had four possible delivery options when it comes to reassortment product flows.

- Stock
- Cross-Docking I
- Cross-Docking II
- Direct

Manor's sourcing strategy is to further expand the Cross-Docking II flow of goods in order to be able to reduce the volumes of stock and direct. The new Cross-Docking II flow of goods was introduced for this purpose.

What is Cross-Docking II?

- Reassortment orders by Manor department stores, triggered automatically or via MDE
- Consolidation on single-item orders per Group & supplier by Manor
- Order picking & delivery of single-item orders at / by the partner supplier
- Central delivery to the Manor, Möhlin (MOE) or Hochdorf (HOV) distribution centre
- Distribution & delivery by the Manor distribution centre to the stores
- Central invoicing per consolidated order by the partner supplier
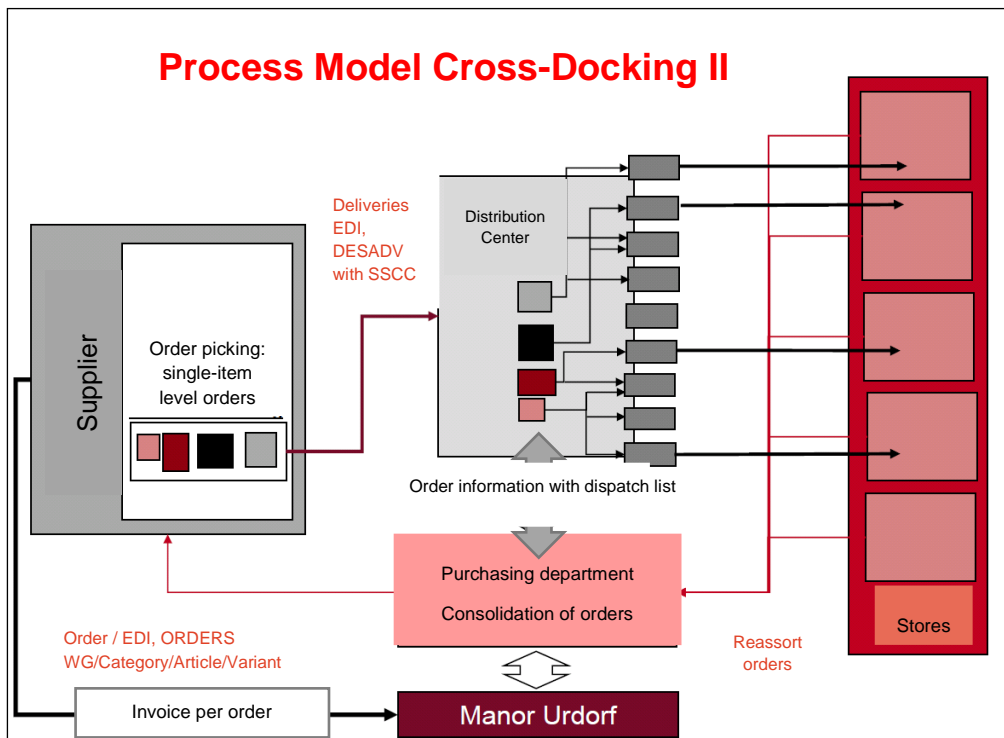
1 Process Model Cross-Docking II

1.4. **Why does Manor rely on Cross-Docking II?**

Manor prefers the Cross-Docking II flow of goods on account of the following advantages:

- Simple process, single-item ordering, picking, delivery and invoicing
- Central deliveries to **one** Manor distribution centre
- Increased rotation
- Better and easier control of the overall process
- Reduction of costs

1.5. **Scope & process quality**

This guideline is valid for the Cross-Docking II flow of goods for all departments, excluding the food departments. In principle, it concerns all suppliers operating in these departments. To ensure high process quality, full compliance with all principles / procedures set out in this document is necessary.

1.6. **Procedure for the transition**

1. Initial meeting Supply chain, Purchasing
2. Supplier analysis   Supply chain
3. Supplier meeting   Supply chain, Purchasing, Supplier
4. DC meeting (if required)   Supply chain, DC
5. Implementation   Supply chain, Purchasing, DC, Supplier
6. Control   Supply chain, Supplier

1.7. **Contact at Manor**

Department	Name	Position	Telephone	Email
Supply chain	Thomas Hell	SC Business Partner DC Rickenbach and Bussigny	+41 61 686 12 14	thomas.hell@manor.ch
Supply chain	Antonino Russo	SC Business Partner DC Hochdorf	+41 61 686 12 15	antonino.russo@manor.ch
Supply chain	Valentin Henz	SC Business Partner DC Möhlin	+41 61 686 13 76	valentin.henz@manor.ch
Supply chain	Simon Michel	Head of Store Logistics & Supplier Mgmt.	+41 61 686 12 16	simon.michel@manor.ch
Purchasing	responsible Buyers & Assistants			
Transport	For requests, please contact the outbound team at the following e-mail address: transporte.schweiz@manor.ch			
IT	For requests, please contact the EDI team at the following e-mail address: edi.support@manor.ch			

2. Range

The basis for every flow of goods is the goods to be transported. Various points need to be considered when considering all the product range characteristics. These are documented in 2.1. - 2.7.

2.1. Basic items

Basic items are to be seen as the standard for the Cross-Docking II process. As a rule, they do not require any additional arrangements and are reassorted either automatically or via machine data logging. The supplier is obliged to keep a sufficient quantity in stock at all times to ensure availability of the goods. In the event of a change of product range, the supplier will be informed in good time by Manor Purchasing and vice versa. At the same time, the supplier must report stock-out situations to Manor's purchasing department at an early stage.

2.2. Promotional items

In principle, these items should always be ordered by the purchasing department and are therefore not reassortment orders from the stores. Close collaboration between Manor Purchasing and the supplier is necessary to guarantee the availability of the goods. It is also conceivable that the supplier will need to maintain temporary stock of promotional items.

2.3. Demonstration items

In various product ranges it may be necessary to obtain larger quantities for demonstration purposes. In such cases, this process must be agreed in advance between Manor and the supplier.

2.4. Customer orders

Items that are ordered specially for a customer and are not referenced in the Manor range must be referenced by the responsible Manor purchasing office and may only then be delivered. If the items ordered are part of the product range the normal ordering process and thus the Cross-Docking II flow of goods will apply.

2.5. Local ranges

The same approach applies to these product categories and to customer orders. The critical issue is whether or not the items are referenced in the Manor product range.

2.6. Manor's own brands

Manor's own brands can also be mapped via the Cross-Docking II process but, since these are items provided exclusively by Manor, it is essential that agreements regarding disposal rights, changes of product range and purchase guarantees are in place.

2.7. Labelling

Manor does not carry out any labelling during the Cross-Docking II flow of goods at the distribution centre. For this reason, the items must either be pre-labelled at the supplier or already be equipped with a barcode on the packaging.

2.8. Product range data maintenance

In order for the various processes surrounding the flow of goods to operate correctly, constant and ongoing maintenance of product range data is necessary. Any change in the master data of

an item or a supplier must be entered into the relevant systems without delay. Important information includes the minimum order quantity (MOQ), the packaging unit (PU), the replacement period (RP) and the valid EAN codes for individual items and packaging units.

These changes are to be entered into the Manor merchandise management system (DFO) by agreement between the purchasing department and the supplier. The correct data is essential for a smooth EDI process.

3.   Ordering and delivery times

The chart on p.9 gives an overview of the ordering and delivery process in terms of timings, and is here compared with the flow of stock.

3.1.   The importance of having a timetable and adhering to it

Timing is crucial for Manor's transition to Cross-Docking II, as goods availability must remain guaranteed. Smooth running of the process is therefore indispensable for Manor.

## 3.2.   Optimal order and delivery days / times

Manor determines the optimal order and delivery days using a delivery planning tool (DPT). The optimum order day can be calculated with the help of this tool, based on the delivery schedule (item group transport days), the tour schedule (delivery days for individual stores) and the variables dependent on the goods category (e.g. the location of the distribution centre). Optimal here means the greatest possible number of store deliveries in the shortest possible time.

3.3.   Temporary exemptions

When determining the order days, the entire business year is reassessed, taking into account item and supplier-specific exceptions. This refers in particular to seasonal differences in the flow of goods or company holidays on the part of the supplier. In such cases, an agreement between the parties concerned regarding any necessary changes to the order and delivery days (special or additional dates) is necessary in order to avoid bottlenecks in processing items.

3.4.   The chronological sequence

As described in 3.1, adherence to the schedule is essential. The following time windows must be agreed upon and strictly adhered to.
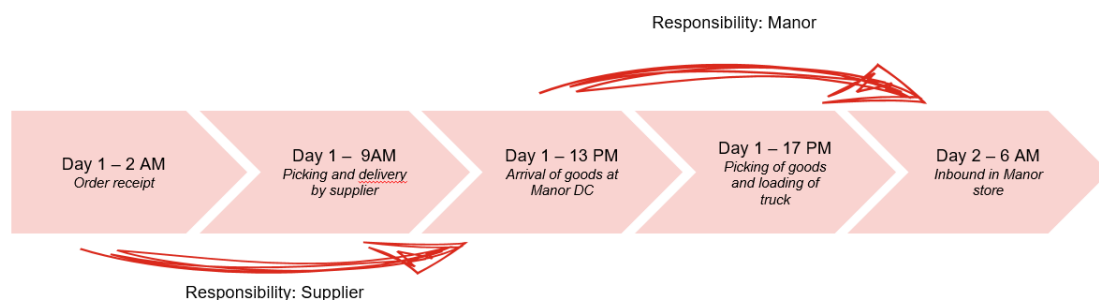
2 Chronological sequence of the flow of goods in Cross-Docking II

4. Orders

4.1. Order type

Orders from Manor are placed either by EDI or mail. EDI orders are placed digitally and contain, among other things, GLN numbers (for the delivery and invoice address) and EAN codes (for the item description).

Below are some examples with explanations.

4.2. Content and structure of the Cross-Docking II order

In the Cross-Docking II flow of goods, orders are always placed via the reassortment process. Within an order there are usually several items, each with the total number of pieces and the corresponding purchase price.

```
UNA:+.? '
UNB+UNOA:2+7612096000005:14+760000000000:14+211115:0920+1094'
UNH+1+ORDERS:D:96A:UN:EAN008'
BGM+YB1::9+P008896518+9+NA'        Indicator flow of goods
DTM+137:202111150000:203'          Manor order number
DTM+11:202111150000:203'
DTM+2:202111150000:203'
RFF+ON:P008896518'
NAD+BY+7612096830930::9'           Buyer
NAD+SU+760000000000::9'            Supplier
NAD+DP+7612096834327::9'           Delivery point
NAD+IV+7612096830930::9'           Invoice recipient (same as BY)
CUX+2:CHF:9'
PAT+22++5:3:D:30'
PCD+12:0.5'
LIN+1++7610632471876:EN'           EAN
PIA+1+48030203:IN::92'
PIA+1+221:CG::92'                  Groupe
QTY+21:1:CT'
PRI+AAA:27.72:CT:RTP'
PRI+AAE:2.4'
LIN+2++7610630900002:EN'
PIA+1+48030205:IN::92'
PIA+1+221:CG::92'
QTY+21:5:CT'
PRI+AAA:14.85:CT:RTP'
PRI+AAE:2.95'
UNS+S'
CNT+2:2'
UNT+28+1'
```

3 Example message EDI ORDERS

4.3. **Order per mail**

Order P007595XXX   1.   MOED   svc-batch-dfo-pr
AGB https://www.manor.ch/de/u/suppliers-en   Cross Docking 2

MANOR

Supplier.   2.
Address

Tax exempt number   CHE-116.267.650 MWST

Purchase order copy

Point of departure
Mode

Date   5/20/2021
Delivery terms
Total amount   600 CHF
Total quantity   12.00

Invoice to   3.
Manor AG, Basel
DC Moehlin
MOED / WG XXX / RY XX
Industriestrasse 7
4313 Moehlin

Hint: 5.
One purchase order
One delivery
One invoice
Mention purchase order id on invoice

Goods to   4.
Manor AG, Basel
DC Moehlin
MOED / WG XXX / RY XX / P007595
Industriestrasse 7
4313 Moehlin

Vendor account

XXXXX

Delivery date   6.
5/19/2021

Please advice delivery at least one day in advance to:
Phone 061 855 52 22, Fax 061 855 52 09

Manufacturer   Region

Pos.	external item number	internal item number	VarNo EAN	Description	Color/Size	Quantity/Price
1		1000013XX	10002408349 XXXX	Jacked	red	12.00 Pieces à 50.00 = 600.00 7.

4 Example order form mail

1	**Manor order number**		**5**	**Manor flow of goods (1:1:1 principle)**
2	**Supplier address**		**6**	**Delivery date**
3	**Billing address**		**7**	**Item descriptions (item number, total number,etc)**
4	**Delivery address**			

4.4. **First order of a new item**

The first order for a new item can be processed in several ways. It can either be triggered directly via the reassortment and thus be treated as a Cross-Docking II order, or an order can be placed by the purchasing department via the push goods flows repartition or transit. There must be an agreement in place between the purchasing department and the supplier.

5. Transport

Manor has two possible methods of transport and delivery:

1. Collection by Manor directly from the supplier
2. Delivery by the supplier

The decision for or against a collection is made on the basis of the delivery schedule simulation with the DPT by Manor in collaboration with the supplier. In addition to the optimal delivery schedule, the transport costs are also considered as a significant factor.

Particular attention should be paid to the timing of the transport. Due to the complexity of the flow of goods, it is necessary to ensure a smooth process without delays. See the chart on p.9 regarding this.

5.1. Collection by Manor

Delivery within Switzerland is generally free. This is especially true for collection and ideally results in a reduction in transport costs. Charging may depend on the transport partner and must be set out in agreements.

The contact at Manor for the collection process is the transport department as per 1.7.

5.2. Delivery by the supplier

If no collection by Manor is agreed, the goods transport discussed in advance shall apply. The supplier must therefore guarantee compliance with the transport time windows as they have been determined according to 3.4.

5.3. Details of the transport cost calculation

Manor requires the following information to calculate the transport costs:

Supplier	
Contact person	
Place of departure (postcode, name)	
Place of receipt (DC MOE or HOV)	
Number of days / weeks	
Which days of the week?	
Number of pallets / deliveries	
Name of the forwarder	
Loading time supplier	
Delivery time distribution centre	
Special handling	
Proportion of transport costs in the purchase price	

5 Transport cost information

If it is agreed that Manor will arrange collection; the impact on the cost price following the deduction of the transport costs must also be determined. It is necessary to specify how Manor charges the additional transport costs to the supplier.

These details must be completed by both Manor and the supplier.

6. Delivery

Deliveries can be divided into correct and incorrect deliveries. A correct delivery includes the fulfilment of all specifications. In the event that a point is not complied with, this is termed an incorrect delivery. These specifications and special cases can be found in points 6.1. – 6.5.

6.1. Transportation system and labelling

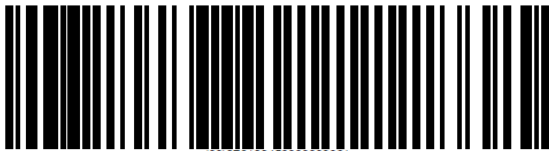The following requirements must be met during transport:

- Within an order items in each category must be packed separately and in an orderly manner.
- Outer packaging is therefore item-specific.
- Transportation systems may be either Euro pallets, CHEP pallets or cardboard boxes.

To guarantee a smooth process, the boxes and pallets must be uniformly labelled. The format used by Manor (see below Fig 6.) is to be adopted here. A template for this is available on the https://www.manor.ch/de/u/suppliers-en website. Other formats (e.g. concerning the size) are possible, provided that all the following information can be found on the label.

If an EDI solution with DESADV message including SSCC code has been agreed, however, the SSCC label on the packaging unit is sufficient. An example of this can be found in Fig. 7.

Cross Docking 2

Delivery address	**Sender**
Manor distribution centre Möhlin	Muster AG
WRG 110 - Office articles	Sock factory
Industriestrasse 7	Claudia-Musterstr. 5
4313 Möhlin	4005 Basel

Manor order number	**P00XXXXX**
Shipment note number	**654321**
Group	**428**
Manor article number	**100458**
Manor variant number	**10004584**
Number of pieces	**25**
Transport unit	**1 of 3**

6 Template Transport Carrier Labelling "simple"

CROSS DOCKING	MANOR AG	VERTEILZENTRALE MOEHLIN

Packing unit	1 of 1
DESADV	529
Manor Order Number	P00XXXXX

(00)37612345000000061

7 Template Transport Carrier Labelling "DESADV with SSCC"

6.2. Delivery slip

Manor prefers to work with electronic delivery slips in EDI format. These messages are titled DESADV (Despatch advice message) and are preferably supplemented by a SSCC (Serial Shipping Container Code).

8 Example message EDI DESADV (with SSCC)

In addition, it is still possible to use paper delivery slips. Figure 8 contains an example with all the necessary information. However, it is mandatory that the following information is present on a delivery slip:

- Manor item number
- Quantity delivered per item variant
- Backlogs (undelivered quantities per item variant)
- Manor order number

9 Example paper delivery slip

1	Manor order number	**4**	Item description
2	Address information supplier and carrier	**5**	Delivery quantity per item
3	Manor item number		

6.3. Partial deliveries

As a rule, partial deliveries are not accepted. The original order is finalised in Manor's IT system. This means that no further goods deliveries for the same order can be received and processed.

Exceptions to this may be agreed. General subsequent deliveries must be made within 5 days and are each to be delivered on the original order and handled separately. After this deadline, partial deliveries can no longer be accepted and must be returned.

6.4. Backlogs

In general, no backlogs are accepted. The original order is finalised in Manor's IT system, which also deletes any backlogs. This means that no further deliveries of goods can be agreed for the same order. The quantities not delivered are automatically reordered. Any other requirements, including those in connection with point 6.3, must have been discussed in advance between Manor and the supplier.

6.5. Surplus deliveries

As a rule, surplus deliveries are not accepted and are only possible in the event of incorrect master data in terms of PU and MOQ. However, these must be communicated immediately to the purchasing department so that the master data can be corrected.

6.6. Delivery quality

Checks on the logistical delivery quality guarantee constant improvement. These take place in close cooperation between Manor and the supplier.

Manor will charge the supplier for the additional expense incurred in the event of non-compliance with the delivery regulations.

7.   Invoices

Manor's 1:1:1 principle applies to invoicing: Each order has a delivery slip and an invoice that are mutually congruent:

1 order ➔ 1 delivery slip ➔ 1 invoice

Failure to comply with this principle leads to considerable extra work in searching for and reconciling differences between the documents. Manor reserves the right to subsequently charge for these expenses incurred when processing the invoice.

7.1.   EDI invoice (INVOIC) for EDI orders

The majority of the invoicing of goods is done in the form of paper invoices. Invoicing in EDI format "INVOIC" is also possible and can be discussed and the introduction planned in cooperation with Manor's EDI team. The illustration below shows a sample invoice with all the necessary details:

1 Supplier information:

Supplier name
Address
Postcode, City
Country
VAT number
Telephone number

2 Delivery address:

Address of the delivered location

3 Manor request:

Order number:	P00XXXX
Flow of goods	CrossDocking II
Shipment note number:	xxxxxx

4 Invoice address:

Address of the delivered location

With Markant contract
Manor AG, Basel
Distribution Center e.g. Hochdorf
Abbr. DC x / WGR x / RY x
Huwilstrasse 8
CH-6280 Hochdorf

Without Markant contract
Manor AG, Basel
Distribution Center eg. Hochdorf
Abbr. DC x / WGR x / RY x
Postfach
CH-8901 Urdorf

5 Manor item description:

Pos	GTIN	Artikel Rabatt/Zuschlag	Artikeltext	ME	fak Menge	gel Menge	VK-Preis	EK-Preis	Mwst %	Nettobetrag
1	7611722015666	PO-33023601	Zeichenblock A4 Color uni weiss 35 Blatt		10,000		0,00	1,04	7,7	10,40

10 Example Invoice (EDI)

1	**Supplier information**	**4**	**Manor invoice address**
2	**Delivery address**	**5**	**Manor item description**
3	**Manor request**		
	- Order number		
	- Flow of goods		
	- Shipment note number		

7.2. **Invoice address**

Suppliers without a Markant contract:

The billing address on the invoice must always be made out to a distribution centre and must be sent to PO Box, 8901 Urdorf (external partner) (see our store addresses at https://www.manor.ch/de/u/suppliers-en , **under column A.**
The delivery address is always a distribution centre.

Example of a billing address:

Manor AG, Basel
Distribution centre ⟵——— E.g.: Möhlin distribution centre
Abbreviation DC + No. of the Group ⟵——— E.g.: MOE 212
P.O. Box
8901 Urdorf

Suppliers with a Markant contract:

The billing address specified on the invoice must always be issued to a distribution centre with the correct GLN (see RALA list of Markant Syntrade AG). Invoices must be sent in a separate envelope to Markant Syntrade Schweiz AG, Unterdorfstrasse 12, 8808 Pfäffikon. The delivery address is always a distribution centre and must also have a valid GLN in accordance with the Markant RALA list.
In the case of EDI-INVOIC, a GLN must also be noted here in accordance with the Markant RALA list.

Example of a billing address:

GLN 7612096479856
Manor AG, Basel
Distribution centre ⟵——— E.g.: Möhlin distribution centre
Industriestrasse 7
4313 Möhlin

Example of a delivery address:

GLN 7612096062256
Manor AG, Basel
Distribution centre ⟵——— E.g.: Möhlin distribution centre
Abbreviation DC + No. of the Group ⟵——— E.g.: MOE 212
Industriestrasse 7
4313 Möhlin

7.3.   **The Manor 1:1:1 principle**

This means that each order has a delivery slip and an invoice that are mutually congruent.

If the 1:1:1 principle is not adhered to, this leads to considerable additional work in searching for and correcting the differences between the documents (delivery slip or invoice). This results in considerable effort when processing invoices, which Manor reserves the right to charge for subsequently.

7.4.   **General remarks**

The following requirements must be met for invoices. These points are taken from the guidelines, which can be found at https://www.manor.ch/de/u/suppliers-en

- Invoices are to be sent as original documents only (no copies, no carbon copies).

- The Manor order number must always be stated in the invoice header. If no order number is available, please indicate the type of order (fax, telephone, etc.).

- The contents of the invoice shall include the item data (item description, possibly with sizes and colours), item numbers, invoiced quantities, the valid purchase prices and, if agreed, the valid sales prices.

- The totals of the goods values and the invoiced quantities, the ancillary costs of the goods (postage, surcharges, deductions, labelling, etc.), the total amount subject to VAT, the VAT as a percentage and value, and the gross invoice amount, must be included in the invoice footer text.

- The invoice must not be sent before the goods are delivered!

- The following email address must be used for all reminders (including copies of invoices): **ap.query@manor.ch**

8. Goods returns

The following aspects of returning goods are relevant for the transition to Cross-Docking II:

8.1. Existing Manor stock

For technical as well as transport reasons, the stock goods held at the Manor distribution centre cannot be smoothly integrated into the Cross-Docking II process. This applies to Manor's own brands, basic goods and seasonal goods. In short, all supplier items that are stored at Manor.

Thus, Manor's existing stock must be taken back by the supplier and settled by means of debit notes.

Old and out-of-date items can be excluded by arrangement.

8.2. Taking back promotional goods

As already stated in point 2.2 Promotional items, any return of promotional goods to the supplier must have been agreed in advance by Manor and the supplier.

8.3. Taking back demonstration goods

As already stated under point 2.3 Demonstration items, any return of demonstration goods to the supplier must have been agreed in advance by Manor and the supplier accordingly.

However, these types of goods are indispensable from a commercial point of view. Manor therefore assumes that it is also in the supplier's interest to take back surplus demonstration goods.

8.4. Posting of returns

For all returns, Manor only recognises the debit note process when it comes to goods that have already been paid for. This means that future invoices from the supplier will be offset against the debit note accordingly.

9. Concluding and accompanying measures

The following additional aspects should be considered after the transition process has been completed:

9.1. SLA

A Service Level Agreement will be drawn up to finalise the process of transitioning to Cross-Docking II. This will act as a record of all special agreements between Manor, the supplier and, depending on the situation, the transporter. In addition, the document will contain the general guidelines applicable to the situation as found in this guide.

Once it has been finalised the SLA will be signed by the parties involved.

9.2. Quality assurance

To guarantee the smooth flow of goods for Cross-Docking II, Manor carries out quality assurance checks. The process is checked for the points specified in this document and those agreed in the SLA.

Particular attention is paid to delivery times and delivery quality in accordance with points 3.4 and 6 (all) respectively. In the event of non-compliance, Manor reserves the right to charge for the corresponding additional work required.

10. Checklist

Topic/Chapter		Checkpoint	✓
Ranges 2.1. – 2.8. (Purchasing)	1	Are all item master data coordinated with the purchasing department?	
	2	Is the handling of promo orders defined?	
	3	Have all item types been coordinated and clarified? (Promo, demo, basic, own brands, etc.)	
Ordering and delivery times 3.1 – 3.4.	4	Are the stipulated time frames realistic?	
	5	Have time-limited exceptions been taken into account? (Seasonality, company holidays, etc.)	
	6	Have lead times been adhered to?	
Orders 4.1. – 4.3.	7	Are the GLN numbers for EDI orders correct?	
	8	Are the delivery dates communicated correctly?	
	9	Are all the details of the order comprehensible?	
Transport 5.1. – 5.3.	10	Is the charging of transport costs regulated?	
	11	Have the time frames been communicated to all stakeholders?	
Delivery 6.1. – 6.6. (DC)	12	Have all the specifications of the labelling been complied with?	
	13	Is the delivery complete?	
	14	Are there any subsequent deliveries related to the original order no.?	
	15	Have all the requirements of the delivery slip been met?	
Invoices 7.1. – 7.4. (Back office)	16	Does the invoice comply with the specifications?	
	17	... and the applicable order quantity and order prices?	
	18	Is the invoice correct?	
Goods returns 8.1 – 8.4.	19	Is there a schedule for the warehouse returns?	
	20	Has the returns process been clearly defined?	
Concluding and accompanying measures 9.1. – 9.2.	21	Are all data in the SLA / condition agreement correct?	
	22	Final approval for goods flow changeover must be approved through Manor Supply Chain	

10 Example checklist for Cross-Docking II transition, Manor internal