

# LCBO

September 13, 2016

Dear Valued Supplier,

After the successful launch of pay on receipt for the beer in grocery store initiative, the LCBO is moving to the next phase of pay on receipt for direct deliveries to LCBO stores.

Recognizing the ever-growing popularity of craft brewers in Ontario, the LCBO is committed to moving towards efficient processes that will streamline and simplify the payment process for these deliveries.

The LCBO acknowledges the challenges that suppliers face with producing weekly invoice packages and understand that it takes away from the main focus of producing and delivering quality products to LCBO stores.

## Current Procedure

Today all direct delivery suppliers provide the Accounts Payable department with:

- an invoice
- detailed listing of all shipments to LCBO stores by date, including SKU, quantity and price and
- signed proof of deliveries from each LCBO store

## New Procedure - Pay on Receipt Process

Recognizing that suppliers will require time to transition, the LCBO will commence the new process in two months. Commencing November 7, 2016, all product delivered to LCBO stores will be paid based on store receipts.

To be consistent with all suppliers, payment terms will be 30 days from receipt.

How the process will work:

- Stores will order product as it is done today.
- Suppliers will ship product directly to stores.
- Suppliers will obtain a signed proof of delivery from each LCBO store.
- Stores will record product receipt(s).
- The product receipts will generate invoices in Accounts Payable for payment. Pricing, HST, and container deposit, if applicable, will be automatically generated by how the sku is databased.
- Suppliers will continue to receive Email payment notifications and can get more details on shipments via iSupplier.

# LCBO

In order for a seamless conversion, suppliers must provide on all packing slips/ bill of lading to LCBO stores the following:

- SKU number
- the number of selling units being shipped
- number of cases being shipped
- LCBO store number and address
- Shipment date

The packing slip/bill of lading must be signed by an LCBO employee as proof of delivery in the event of any discrepancies.

## Benefits for pay on receipt

- for beer in grocery suppliers, all processes will be aligned
- no compilation and submission of proof of delivery, unless requested
- no summary page of all shipments required
- no courier/postage costs
- no cost calculations required
- no container deposit calculations required

## Pricing

Suppliers can calculate the price per case paid by the LCBO by using the Ontario Beer Pricing Calculator available on [www.doingbusinesswithLCBO.com](http://www.doingbusinesswithLCBO.com) under Pricing Calculators. The calculator will display the cost per case based on the retail price which is entered by the supplier. All taxes and fees are subtracted from the retail price to derive the cost per case. The case cost of a product can change based on a request from the supplier to change the retail price or a change in markup on beer (which occurs twice annually on November 1st and March 1st). Suppliers should ensure the correct version of the Price Calculator is used by noting the date in the file name and the effective date on the document itself. Please note that the case cost is not adjusted when a product is on an approved Limited Time Offer (LTO). The cost of reducing the price is billed back to the supplier in the period following the LTO.

For all active SKUs, suppliers will be paid based on the cost per case that is active at the time of receipt at the LCBO store. For corporately delisted SKUs, the most recent historical cost per case will be used. Suppliers will be notified in advance if an ongoing product is being delisted by the Category Management team. Furthermore, for a seasonal product the time frame during which the SKU will be active for shipping will be given in the Notice to Purchase. The LCBO will not pay for inventory delivered to stores once the SKU is no longer in the LCBO system as this inactivates all costing information. It is the responsibility of the supplier to know the status of a given SKU prior to shipment.

# LCBO

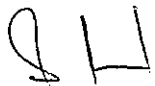
## iSupplier

In order to maximize the value from this initiative, suppliers must ensure they have access to iSupplier; iSupplier is a self-service tool that allows suppliers to view all financial transactional details on their account. iSupplier will provide receipt information: receipt date, receipts by store, sku, cost, container deposit and HST if applicable.

## Shipment/Receipt Discrepancies

For any discrepancies resulting from either quantity or cost per case, please contact [acsss@lcbo.com](mailto:acsss@lcbo.com).

Sincerely,



Patrick Parainfo  
Manager, Accounts Payable/Receivable & Capital Assets