



The Global Language of Business

Retail Grocery

Best Practices for Order Changes

Maintaining alignment between transactions & trading partners to drive efficiency and improve ASN accuracy

Release 1.0, Oct 18 2017



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1 Executive Summary

Operational efficiency is a core objective in the retail grocery industry. Although order changes, in and of themselves, can be considered an inefficient and undesirable business practice, they are a reality of doing business. Therefore, the key for operational efficiency is managing how order changes are implemented.

The [GS1 US Retail Grocery Initiative](#) (RGI) Operational Efficiencies Workgroup (“the Workgroup”) examined order change processes. The Workgroup made two important findings:

1. The impact of ineffective order change management can go well beyond fulfillment and receiving operations, undermining downstream business processes all the way through the invoice and payments cycle.
2. Hallmarks of effective order change management include the integration of changes into electronic systems and transactions, and maintaining order alignment between the trading partners.

The Workgroup, comprised of members from across the U.S. retail grocery supply chain, analyzed the business processes, systems and transactions impacted by order changes, and evaluated various industry approaches to order change management. The Workgroup found that implementing change management practices that help maintain alignment between the Purchase Order (PO) and the Advance Ship Notice (ASN), and between the trading partners, is essential. To support industry in this effort, the Workgroup developed best practices to facilitate those objectives when implementing order changes in the retail grocery industry.



Note: As with all GS1 Standards and solutions, this best practice guide is voluntary, not mandatory. It should be noted that use of the words “must” and “require” throughout this document relate exclusively to technical recommendations for the proper application of the standards to support the integrity of your implementation.

2 Introduction

GS1 US Retail Grocery Initiative (RGI) Operational Efficiencies Workgroup (“the Workgroup”) works to identify gaps and opportunities where leveraging GS1 Standards can help reduce supply chain inefficiencies. Once a gap or opportunity has been identified, the Workgroup evaluates approaches for using technology and/or specific business practices, and defines recommended solutions to help improve operational efficiency and reduce costs.

The Workgroup identified an opportunity to promote increased use of Advance Ship Notices (ASNs) to help enhance operational efficiency in retail grocery warehouse and receiving operations. During their analysis, the Workgroup found that ASNs were being underutilized across the industry because of the prevalence of inaccuracies routinely found in retail grocery ASNs. However, deeper analysis revealed that the inaccuracies in retail grocery ASNs were actually being caused by errors in the corresponding Purchase Orders (POs) due to how order changes were being managed. Moreover, the Workgroup found that the change management issues were impacting much more than just ASNs, causing errors and inefficiency throughout the order-to-cash cycle from receiving all the way through to invoice and payments. Therefore, the Workgroup expanded its effort to address the larger issue of order change management in order to promote increased use of ASNs and help improve order-to-cash business processes as well.

3 Document Purpose

This document presents best practices for managing order changes in the retail grocery industry based on the findings and recommendations of the RGI Operational Efficiencies Workgroup. To that end, this document defines order change management best practices that help maintain alignment between the Advance Ship Notice (ASN) and the Purchase Order (PO), and between trading partners in order to promote operational efficiency throughout order-to-cash business processes.



Note: Order change policies may be defined by individual trading partner relationships. The best practices provided herein are intended to support trading partners in implementing order changes pursuant to their individual trading partner relationships and agreements.

4 The Real World Challenge

The process begins when a buyer submits a Purchase Order (PO) to a supplier. If there are no changes to the order, an ASN is created based on the PO, and the physical shipment matches the PO and the ASN exactly. However, order changes are a reality of doing business. They can occur for a variety of reasons and at various points throughout order processing. Buyers and suppliers may need to change quantities, make substitutions, etc. Warehouse cuts can happen late in the picking process. Managing order changes effectively is important not only for fulfillment, but for many other order-to-cash business processes as well.

A common approach across industry has been to process order changes manually (e.g., phone call; email; etc.), and/or revise the PO. The core flaw in such an approach is that does not provide any structure to assure that systems, transactions and trading partners remain up-to-date and aligned. Unfortunately, this type of approach often results in errors, and those errors ripple downstream throughout order-to-cash processes, from receiving all the way through to the invoice/payment cycle itself.

5 POs, ASNs, and Order Changes

Purchase Orders (POs) and Advance Ship Notices (ASNs) are core transactions designed to support order-to-cash business processes. However, the benefits to be realized from using these transactions is dependent on trading partner systems being up-to-date and aligned. Order changes can undermine this effort if not properly managed.

Order changes can cause a mismatch between POs, ASNs, and the physical shipment if not integrated into electronic systems and transactions. The source of the mismatch can vary depending on if and when each trading partner updated their systems with the change, and if it was communicated in a timely manner to the

The Order Lifecycle

Order Release and Soft Commit: The initial review of the PO by supplier. Basically a first pass where obvious change needs are identified. Those changes are made here (prior to *Inventory Commit*) and need to be communicated back to the buyer so that the PO can be updated (i.e., EDI 855).

Inventory Commit: This is when the supplier compares the PO to available inventory and either commits inventory to the PO or notifies the buyer of an inventory shortage and suggests a substitution or another option (e.g., hold the PO until inventory is available; backorder product; etc.). At this point, the expectation has been set in terms of the PO, and the order is typically "finalized" by this step (with exceptions noted below).

Pick Release: The PO is released for pick, and the PO migrates from the supplier's order management system (ERP) to the warehouse system (WMS) where the final order is processed to the warehouse for picking.

Pick Confirm: The order is picked. Any "Out of stocks" discovered at this stage are communicated to the supplier's order management system. Although these changes may not be communicated to the buyer (due to timing or time of day), they can be communicated by way of an EDI 855 when the *Ship Release* begins. The ASN is usually generated, but not sent, at this point.

Ship Release: The order has completed picking and the information is communicated from the WMS to the freight systems and the ERP with "final" information. The ASN is sent to the buyer.

Ship Confirm: Order has completed the packaging and routing stage, has been loaded on the truck, and has left the building. ASN is transmitted and the invoice may also be generated during this step.

other trading partner. Consider the following examples which present two hypothetical scenarios illustrating circumstances where errors occur:

- Changes are made to the order at some point in the order lifecycle.
- The changes are not entered into supplier’s system (and therefore not reflected in the supplier’s PO) and/or not entered into the buyer’s system (and therefore not reflected in the buyer’s PO).
- The ASN is generated on the supplier’s PO plus the changes made during the pick. Therefore, the ASN accurately reflects the physical shipment.
- However, the ASN does not match the PO in either trading partners’ systems.

6 The Impact of Ineffective Order Change Management

As noted above, POs and ASNs are core transactions designed to support the full order-to-cash business cycle. Consequently, the impact of ineffective order change management in those transaction documents go well beyond fulfillment and receiving operations - undermining downstream business processes all the way through the invoice and payments cycle.

Fulfillment and Receiving:

Suppliers use the PO in their system to generate the ASN and to guide the fulfillment process. Buyers use the PO in their system (and/or the supplier’s ASN) to prepare in advance for receiving, and to compare against what is physically received to confirm receipt. If trading partner systems are not kept up-to-date and aligned, there will be a mismatch between the PO, the ASN and/or the physical shipment.

- Up-to-date = integrating all order changes
- Aligned = within systems, between trading partners, and with the physical shipment

As described above, the source of the mismatch can vary depending on if and when each trading partner updated their systems with the change, and if it was communicated in a timely manner to the other trading partner. But regardless of the source, these mismatches inhibit operational efficiency and effectiveness in fulfillment and receiving, undermining productivity and the ability to get products to the retail shelf quickly and efficiently.

Invoice and Payments:

Suppliers use the information contained in the ASN to generate invoices. Buyers use the PO in their system and/or the supplier’s ASN to confirm invoices and initiate payments. Reconciliation of what was ordered, what was shipped, and what was received provides the basis for payments. If the PO and ASN are not kept up-to-date and aligned in trading partner systems, the transactions will not match up. This leads to order disputes that increase the cost of reconciliation for both parties:

- Retailers: increased time and labor to reconcile discrepancies
- Suppliers: administration fees for fulfillment errors and order disputes, and longer invoice-to-payment cycles
- Both buyers and suppliers run the risk of inaccurate inventory balances, which can lead to service failures until the discrepancy is resolved.

Types of Order Changes Found in Retail Grocery

- Item delete
- Item cancellation
- Replace all items on the order
- Line item quantity changes
- Cancel balance of an order
- Cancel order prior to shipment
- Replace information for one or more items in an order, but not the entire order
- Price change for a line item
- Order level ship date change
- Item level ship date change
- Item packing configuration change
- Line item quantity with schedule change
- Schedule change

This document defines change management best practices that help avoid these problems. These practices are designed to help trading partners manage order changes in a way that keeps POs and ASNs up-to-date and matching so that those transactions may be effectively used to support all of the various business process in the order-to-cash cycle.

7 Core Principles

Operational efficiency depends on transaction documents aligning with physical shipment; in other words: PO = ASN = Physical Shipment. Too often, efforts related to order changes are tightly focused on the physical shipment alone. However, that is only one piece of the puzzle. It is equally important to keep POs and ASNs up-to-date and matching so that those transactions can be effectively used to support downstream business process. In developing the best practice, the Workgroup identified three core principles deemed essential for any effective order change management process. Each is discussed below.

7.1 Update systems

As noted above, order change processes are often tightly focused on the physical shipment. However, it is equally important that parties update their systems. Failure to do so is the cause of much confusion, inefficiency and waste throughout order-to-cash processes.

The bottom line: no matter how changes are implemented, trading partners need to go back and make sure the PO is up-to-date and aligned between trading partners in order to support ASN as well as the downstream processes it supports.

7.2 Sequencing

As discussed above, parties must update their systems (POs) with order changes in order to promote efficient order-to-cash processes. But when they should change their PO is a critical consideration, and here - sequencing is important.

For example, a buyer entering their requested changes into their PO *prior to confirmation of the change by the supplier* is a current practice. However, the Workgroup discovered that this is a common source of error that can cause the buyer's PO to not match the supplier's PO or ASN, which undermines all of the business processes those transactions are used to support.

Therefore, the sequencing of communication between the trading partners throughout the order change process is important to keep the PO information in sync. For example:

Sequence for Buyer-Initiated Changes:	Sequence for Supplier-Initiated Changes:
<ol style="list-style-type: none"> 1. Buyer requests change. 2. Supplier approves change. 3. Supplier updates their PO and then acknowledges. 4. <u>Then</u> Buyer updates their PO. 	<ol style="list-style-type: none"> 1. Supplier requests change. 2. Buyer approves change. 3. Buyer updates their PO and then acknowledges. 4. <u>Then</u> Supplier updates their PO.

7.3 Bi-directional / closed loop communication

Two-way communication is required to maintain the integrity of the order change process. It is essential that communication between the parties be a closed loop at each step in the process. In other words, everything comes in pairs, and each pair must be complete before moving to the next step (e.g., request and approval; change and acknowledgement; etc.)

Both sides have a responsibility, and both parties need to act and respond. Regardless of the specific method used for order changes, each step needs to be a closed loop pair.

- If trading partners use EDI transactions, they need a transaction set pair for each step. For example:
 - EDI 850 Purchase Order / EDI 855 Purchase Order Acknowledgement
 - EDI 875 Grocery Purchase Order / EDI 876 Grocery Purchase Order Acknowledgement
 - EDI 860 Order Change Request / EDI 865 Order Change Acknowledgement
- If trading partners are communicating via a manual method like email, phone or fax, they need “like method” acknowledgement/approval for each step.

8 Best Practice

The Workgroup defined a two-prong best practice: *use EDI transactions to cancel the original order and submit a new PO integrating all of the changes*. Each prong of that approach is discussed below, and then the remainder of this document defines detailed, step-by-step processes for implementing this best practice.

8.1 Cancel the original PO and submit a new PO

Although current industry approaches include communicating changes back and forth by modifying the PO each time, analysis revealed that cancelling the original PO and submitting one new PO integrating all changes was a cleaner process for maintaining the integrity of the data. Therefore, the preferred best practice is to cancel the original PO and submit a new PO. A step-by-step process for using this approach is provided for [buyer-initiated changes](#) and [supplier-initiated changes](#).



Note: If the trading relationship does not allow this approach to be used, then whatever approach is used still needs to follow the core principles of change management described above (i.e., update systems; sequencing; closed loop). To support that, this document also provides guidance for an alternative approach using PO change requests to help trading partners keep POs and ASNs up-to-date and aligned when the preferred approach cannot be implemented. A step-by-step process for using this approach is provided for [buyer-initiated changes](#) and [supplier-initiated changes](#). These steps should be followed if the preferred best practice approach is not.

8.2 Use EDI transactions

Current industry approaches to order changes include electronic processes (i.e., EDI) and manual processes (e.g., phone, email, etc.). On review of the various approaches, it was determined that use of EDI provided the most reliable and efficient approach to keeping the PO, ASN, and other transactions up-to-date was EDI. Therefore, the preferred best practice is to utilize EDI transactions. The best practice processes defined in this document identify the specific EDI transactions and choreography to be used. The EDI transactions used in this document are listed below:

- EDI 850 Purchase Order
- EDI 875 Grocery Purchase Order
- EDI 855 Purchase Order Acknowledgement
- EDI 876 Grocery Purchase Order Acknowledgement
- EDI 860 Order Change Request
- EDI 865 Order Change Acknowledgement

NOTE: The retail grocery industry uses both EDI 850 Purchase Order and EDI 875 Grocery Purchase Order. The best practices have no preference for one over the other. Either may be used.

- ✓ **Note:** Although automating order changes is preferred, it is recognized that the ability to act upon the change request is dependent upon a company's operational processes, capabilities, and timing prior to shipment. If EDI cannot be used, then whatever manual approach is used still needs to follow the core principles of change management described above (i.e., update systems; sequencing; closed loop). The key to success is keeping POs and ASNs up-to-date and matching. To support that, this document also provides guidance for non-EDI/manual order changes (both [buyer-initiated](#) and [supplier-initiated](#)) to help trading partners keep POs and ASNs up-to-date and aligned when the preferred best practice approach cannot be implemented.

9 Considerations & Guidance

9.1 Keys to success: PO and ASN

Although there can be variations in the process based on timelines, SLAs, etc., the key to success is keeping POs and ASNs up-to-date and matching. To do that, focus on the core principles (i.e., updated systems; proper sequencing; bi-directional / closed loop communications). In addition:

- Suppliers should generate ASNs on the *PO plus changes made during the pick*. This will assure that the ASN matches the physical shipment.
- Buyers should *receive against the ASN* (not their PO).

9.2 Implementation of best practices

Implementation of the best practices in this document is more than just using certain transaction numbers. As with any supply chain effort, it requires collaboration, education, commitment, oversight, measurement, etc. For best results, work with trading partners and implement a project plan encompassing all of those efforts.

9.3 Examining current order change processes

Trading partners should examine their own order change experiences and processes when preparing to implement the best practices to help prioritize and focus efforts. Key questions to consider:

- How often are purchase orders changed?
- Who initiates the change?
- How is the change communicated?
- Is there a threshold to the number of changes accepted?
- Is there a window when accepting order changes manually (e-mail phone, etc.) is the only way a change is accepted?
- What is that window?
- Does the window vary by order type (turn, promotional, seasonal etc.)?

The Benefits of Using Order Change Best Practices

Effectively managing order changes can help improve many business processes -- from warehouse processes (such as fulfillment and receiving) all the way through downstream order-to-cash business processes (including invoice and payments).

Warehouse Processes

- Optimizes receiving productivity
- Optimizes delivery logistics and reduces errors
- Reduces the need to audit ASNs to receipts
- Reduces errors in mispicks and shorts
- Improves inventory management
- Enhances ability to get the product to the retail shelf quickly and efficiently

Order-to-Cash Processes

- Improves order accuracy
- Improves invoice accuracy
- Reduces billing errors
- Fewer disputes and deductions
- Less reconciliation
- Shortens the billing to payments cycle

Overall Benefit

- Improves Batch/Lot track and trace capability

9.4 Order change notification lead times

- Trading partners need to agree upon the timing and cut-off of order change requests and the ability to make the changes. Things to consider: order cycle time, system capabilities, etc.
- Best practice is for each trading partner relationship to define and communicate order change notification lead times to support order change processes. Lead times can vary by product type and/or order type (e.g., turn order vs. seasonal vs. promotional, etc.).
- The [Appendix](#) includes general observations of lead time trends within various groupings using lead time windows (e.g., SHORT, MEDIUM and LONG) as opposed to specific time intervals. The definition of SHORT, MEDIUM and LONG can vary across type of order, product, and supplier. For convenience, trading partners should consider using the tables in the Appendix as their jump off point for defining their own lead time requirements.

10 Buyer-Initiated Changes

Overview

Provisions regarding buyer-initiated changes are generally included in trading partner agreements. Such changes are often initially communicated via e-mail or phone call (i.e., manually). Change details are discussed and worked out between the two parties. Substitutions, timing changes, reorders, etc. are determined based on existing inventory (safety stock) and pending demand. Although changes may be communicated back and forth by modifying the PO each time, it was determined that cancelling the original PO and submitting one new PO integrating all changes was a better and cleaner process to maintain the integrity of the data.

- ✔ **Note:** These best practices apply to order changes *within any required lead times*. Therefore, the first step is for buyers to confirm that they are within the window in which they may make order changes per trading partner agreements. See the [lead times discussion above](#) for additional guidance.

10.1 Best Practice Process: use EDI to cancel the order and submit a new PO

Using EDI transactions to cancel the original PO and submit a new PO is the preferred best practice. The best practice is to cancel the original PO and submit a new PO. The transaction and process flow is defined below:

STEP 1: Original Order

- Buyer sends EDI 850 PO (or EDI 875 Grocery PO) to supplier for a new order.
- Supplier sends EDI 855 Acknowledgement (or EDI 876 Acknowledgement) to buyer.

STEP 2: Buyer Requests Change(s) and Supplier Approves Changes

- Buyer sends an EDI 860 Order Change Request with the changes to the supplier.
- Supplier sends an EDI 865 Order Change Acknowledgement to the buyer to approve the changes.

- ✔ **Note:** Manually discussing change request(s)/approval(s) between trading partners (e.g., phone, email, etc.) is acceptable in this step.

STEP 3: Buyer Cancels Original PO

- Buyer sends an EDI 860 Order Change Request to the supplier to cancel the original purchase order.
- Supplier sends an EDI 865 Order Change Acknowledgement to buyer.

STEP 4: Buyer Submits New PO with Approved Changes

- Buyer sends an EDI 850 PO (or EDI 875 PO) to the supplier with the new, updated order.
- Supplier sends EDI 855 Acknowledgement (or EDI 876 Acknowledgement) to buyer.

10.2 Recommended process for those needing to use EDI order change requests

Using EDI transactions to cancel the original PO and submit a new PO is the preferred best practice. However, if that EDI approach cannot be implemented due to trading partner requirements, technical capabilities, etc., then the best practice guidance for alternative EDI handling is to use EDI 860 for buyer-initiated changes and follow the process below to keep POs and ASNs up-to-date and aligned.

STEP 1: Original Order

- Buyer sends EDI 850 PO (or EDI 875 PO) to supplier for a new order.
- Supplier sends EDI 855 Acknowledgement to buyer.

STEP 2: Buyer Requests Change(s) and Supplier Approves Changes

- Buyer manually communicates the requested changes to the supplier (e.g., phone, email, etc.).
 - Supplier manually communicates approval to make the changes.
- ✓ **Note:** Manually discussing change request(s)/approval(s) between trading partners (e.g., phone, email, etc.) is acceptable in this step.

STEP 3: Buyer Submits Order Change Request for Approved Changes

- Buyer sends an EDI 860 Order Change Request with the order changes to the supplier.
 - Supplier sends an EDI 865 Order Change Acknowledgement to the buyer.
- ! **Important:** At this point, the supplier needs to ensure that the PO is in fact changed/updated in their system or the supplier's PO will not be up-to-date. (Often, supplier systems are designed to do that automatically upon receipt and acknowledgement of the 860.)

10.3 Guidance for those needing to use manual (non-EDI) approaches

Automating order changes is preferred. However, it is recognized that the ability to act upon the change request is dependent upon a company's operational processes, capabilities, and timing prior to shipment. If EDI cannot be used due to trading partner requirements, technical capabilities, etc., then follow the best practice guidance provided below to help keep POs and ASNs up-to-date and aligned when using a non-EDI approach to order changes.

- ! **Important:** Although there can be variations in the process based on timelines, SLAs, etc., the key to success is keeping POs and ASNs up-to-date and matching. To do that, focus on the core principles (i.e., updated systems; proper sequencing; bi-directional / closed loop communications).
- Best practice is to cancel the original PO and submit a new PO. Look to the [corresponding EDI process flow above](#) for guidance as to steps and sequencing.
 - If the relationship does not allow cancelling the original PO, then use a revised order approach. Look to the [corresponding EDI process flow above](#) for guidance as to steps and sequencing.
 - Two-way communication is required. Both sides have a responsibility, and both parties need to act and respond.

- Every step in the process is a pair of actions (e.g., request and approval; change and acknowledgement; etc.), and each pair must be complete before moving to the next step (i.e., closed loop).
- If use phone, email or fax, need a “like method” confirmation.
- Both parties need to update their systems (PO), but the sequencing of communications and updates is important to keep the purchase order information in sync between the trading partners. A common source of error across the industry is a buyer changing their PO *prior to the supplier confirming the changes*. To avoid this issue, use the following choreography:
 - Buyer requests change.
 - Supplier approves, updates their PO, and then acknowledges the changes back to the buyer.
 - Then buyer changes their PO (updates their system).
- Whatever approach is used, be sure to:
 - go back and make sure the PO is up-to-date and aligned between trading partners, and
 - follow the core principles of change management described above (i.e., updated systems; proper sequencing; bi-directional / closed loop communications).

11 Supplier-Initiated Changes

The timing of supplier-initiated changes impacts the best practices for order change management. Therefore, this section provides separate best practices for changes made prior to the order being submitted for pick, and changes made during pick.

11.1 Changes prior to the order being submitted for pick

Overview

Supplier-initiated changes prior to pick are generally defined in the SLA (Service Level Agreement). Such changes are often initially communicated via e-mail or phone call (i.e., manually). Change details are discussed and worked out between the two parties. Although changes may be communicated back and forth by modifying the PO each time, it was determined that cancelling the original PO and submitting one new PO integrating all changes was a cleaner process to maintain the integrity of the data.

11.1.1 Best Practice Process: use EDI to cancel the order and submit a new PO

The best practice is to cancel the original PO and submit a new PO. The transaction and process flow is defined below:

STEP 1: Original Order

- Buyer sends EDI 850 PO (or EDI 875 Grocery PO) to supplier for a new order.
- Supplier sends EDI 855 Acknowledgement (or EDI 876 Acknowledgement) to buyer.

STEP 2: Supplier Requests Change(s) and Buyer Approves Changes

- Supplier sends an EDI 860 Order Change Request with the changes to the buyer.
- Buyer sends an EDI 865 Order Change Acknowledgement to the supplier to approve the changes.



Note: Manually discussing change request(s)/approval(s) between trading partners (e.g., phone, email, etc.) is acceptable in this step.

STEP 3: Buyer Cancels Original PO

- Buyer sends an EDI 860 Order Change Request to the supplier to cancel the original purchase order.
- Supplier sends an EDI 865 Order Change Acknowledgement to buyer.

STEP 4: Buyer Submits New PO with Approved Change

- Buyer sends an EDI 850 PO (or EDI 875 Grocery PO) with the new, updated order to the supplier.
- Supplier sends EDI 855 Acknowledgement (or EDI 876 Acknowledgement) to buyer.

11.1.2 Recommended process for those needing to use EDI order change requests

Using EDI transactions to cancel the original PO and submit a new PO is the preferred best practice. However, if that EDI approach cannot be implemented due to trading partner requirements, technical capabilities, etc., then the best practice guidance for alternative EDI handling is to use EDI 860 for supplier-initiated changes and follow the process below to keep POs and ASNs up-to-date and aligned.

STEP 1: Original Order

- Buyer sends EDI 850 PO (or EDI 875 PO) to supplier for a new order.
- Supplier sends EDI 855 Acknowledgement to buyer.

STEP 2: Supplier Requests Change(s) and Buyer Approves Changes

- Supplier sends an EDI 860 Order Change Request with the order changes to the buyer.
- Buyer manually communicates approval to make the changes.



Note: Manually discussing change request/approval between trading partners (e.g., phone, email, etc.) is acceptable in this step.

STEP 3: Buyer Submits Order Change Request for Approved Changes

- Buyer sends an EDI 860 Order Change Request with the order changes.



Important: At this point, the buyer needs to ensure that the PO is in fact changed/updated in their system or the buyer's PO will not be up-to-date.

11.1.3 Guidance for those needing to use manual (non-EDI) approaches

Automating order changes is preferred. However, it is recognized that the ability to act upon the change request is dependent upon a company's operational processes, capabilities, and timing prior to shipment. If EDI cannot be used due to trading partner requirements, technical capabilities, etc., then follow the best practice guidance provided below to help keep POs and ASNs up-to-date and aligned when using a non-EDI approach to order changes.



Important: Although there can be variations in the process based on timelines, SLAs, etc., the key to success is keeping POs and ASNs up-to-date and matching. To do that, focus on the core principles (i.e., updated systems; proper sequencing; bi-directional / closed loop communications).


- Best practice is to cancel the original PO and submit a new PO. Look to the [corresponding EDI process flow above](#) for guidance as to steps and sequencing.
- If the relationship does not allow cancelling the original PO, then use a revised order approach. Look to the [corresponding EDI process flow above](#) for guidance as to steps and sequencing.
- Two-way communication is required. Both sides have a responsibility, and both parties need to act and respond.

- Every step in the process is a pair of actions (e.g., request and approval; change and acknowledgement; etc.), and each pair must be complete before moving to the next step (i.e., closed loop).
- If use phone, email or fax, need a “like method” confirmation.
- Both parties need to update their systems (PO), but the sequencing of communications and updates is important to keep the purchase order information in sync between the trading partners. A common source of error across the industry is a buyer changing their PO *prior to the supplier confirming the changes*. To avoid this issue, use the following choreography:
 - Supplier requests change.
 - Buyer approves change.
 - Buyer updates their PO and then acknowledges changes back to the supplier.
 - Then supplier updates their PO.
- Whatever approach is used, be sure to:
 - go back and make sure the PO is up-to-date and aligned between trading partners, and
 - follow the core principles of change management described above (i.e., updated systems; proper sequencing; bi-directional / closed loop communications).

11.2 Changes made during pick

Overview:

Supplier-initiated changes can occur during the pick process for a variety of reasons, including inaccurate inventory balances, delayed inbounds for cross-dock, age of product issues, etc. Due to timing constraints, suppliers often communicate these changes to the buyer via EDI 856 ASN. However, if changes are made after hours, the supplier may need to use manual communication prior to shipping. Depending on the transit time of the shipment, the buyer may not receive communication of the changes prior to the shipment arrival. In such instances, the buyer may refuse the product.


 **Important:** With changes made during pick, the key is for trading partners to go back and make sure the PO is updated in their systems and aligned with their trading partner in order to support the downstream invoice and payments cycle.

If changes are discovered early enough in the process to communicate with buyer:

STEP 1: Original Order

- Buyer sends EDI 850 PO (or EDI 875 PO) to supplier for a new order.
- Supplier sends EDI 855 Acknowledgement to buyer.

STEP 2: Supplier Requests Change(s) and Buyer Approves Changes

- Supplier sends an EDI 860 Order Change Request with the changes to the buyer.
 - Buyer sends an EDI 865 Order Change Acknowledgement to the supplier to approve the changes.
-  **Note:** Manually discussing change request/approval between trading partners (e.g., phone, email, etc.) is acceptable in this step.

STEP 3: Supplier Updates their PO and Communicates Changes via ASN

- Supplier updates the EDI 850 PO (or EDI 875 PO) in their system.

- Supplier sends an EDI 856 ASN to the buyer based upon the supplier PO *plus changes made during the pick*. Add a flag to the ASN to indicate to the buyer that the shipment is different from the PO and to use the ASN (not the PO) to confirm receipt.

STEP 4: Buyer Uses the ASN to Confirm Receipt and Update their PO

- Buyer uses the EDI 856 ASN (not the PO in their system) to confirm receipt.
- Buyer updates the PO in their system based upon the ASN (so that the buyer's PO is up-to-date for the rest of the invoice/payments cycle).

If changes are discovered late in the process:

STEP 1: Original Order

- Buyer sends EDI 850 PO (or EDI 875 PO) to supplier for a new order.
- Supplier sends EDI 855 Acknowledgement to buyer.

STEP 2: Supplier Updates their PO and Communicates Changes via ASN

- Supplier updates the EDI 850 PO (or EDI 875 PO) in their system.
- Supplier sends an EDI 856 ASN to the buyer based upon the supplier PO *plus changes made during the pick*. Add a flag to the ASN to indicate to the buyer that the shipment is different from the PO and to use the ASN (not the PO) to confirm receipt.

STEP 4: Buyer Uses the ASN to Confirm Receipt and Update their PO

- Buyer uses the EDI 856 ASN (not the PO in their system) to confirm receipt.
- Buyer updates the PO in their system based upon the ASN (so that the buyer's PO is up-to-date for the rest of the invoice/payments cycle).

12 Distributor-Initiated Changes

Distributors can act as a buyer and/or a supplier depending on the trading partner relationship. Best practice for distributors is to follow the buyer or supplier change processes described above depending on their role in the order change.

13 Conclusion

If not properly managed, order changes can cause a mismatch between POs, ASNs, and the physical shipment, triggering errors and inefficiency throughout the order-to-cash cycle from receiving all the way through to invoice and payments. To avoid this, it is essential to implement change management practices that help maintain alignment between the PO and the ASN, and between the trading partners.

As defined by the Workgroup, the best practice is to use EDI transactions to cancel the original order and submit a new PO integrating all of the changes. This document defines detailed, step-by-step processes for implementing this best practice. If the trading relationship does not allow this approach to be used, this document also includes guidance for using EDI order change requests, and using manual approaches. Although there can be variations in the process based on timelines, SLAs, etc., the key to success is keeping POs and ASNs up-to-date and matching, and focusing on the core principles (i.e., updated systems; proper sequencing; bi-directional / closed loop communications).

14 Resources

For more grocery-specific resources, including guidelines and case studies, please visit www.gs1us.org/retailgroceryresources

15 Appendix: Order Change Lead Times Sample Table

Table 15-1 Order Change Lead Times

Order Type	Dry/Frozen	Perishable	Order Type
Turn	Long	Medium	Turn
Vendor Managed (VMI)	Long	Medium	Vendor Managed (VMI)
Promotional	Short	Short	Promotional
Seasonal	Short - in season Long - out of season	Short	Seasonal
Pipeline - new items or new locations)	Long	Long	Pipeline (new items or new locations)
Crossdock	Short	Short	Crossdock
Direct Store (DSD)	On-site	On-site	Direct Store (DSD)
Other			

Short - Less than 24 hours

Medium - 24 to 36 hours

Long - Greater than 36 hours

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GS1 US Corporate Headquarters

Princeton Pike Corporate Center, 1009 Lenox Drive, Suite 202
Lawrenceville, NJ 08648 USA
T +1 937.435.3870 | **E** info@gs1us.org
www.gs1us.org

Connect With Us



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