

Ten Best Practices for a Winning Advance Ship Notice (ASN) Implementation

- 1 The information must arrive before the merchandise.** This may seem obvious, but many suppliers in close proximity to retailer distribution centers (DCs) are challenged with the timeliness of Advance Ship Notices (ASNs). Suppliers and retailers must not put ASNs into a batch-driven EDI process. Suppliers must send ASNs immediately upon shipment departure and retailers must process them just as quickly. Suppliers are frequently tempted to create the ASN and invoice documents simultaneously. However, invoices may often be held for overnight batch delivery to customers, which is not appropriate for ASNs. Retailers need to segregate the process of translating and integrating ASNs from other B2B transactions so that receiving processes are not compromised in the warehouse or DC.
- 2 Remember that each trading partner is different.** Suppliers must read each buyer's EDI implementation guidelines and carrier routing guides closely. Also keep in mind that standards are flexible. Just because two retailers are using the same X12 or VICS 856 EDI guideline does not mean they will implement the ASN in the same way. Carefully review each customer's required ASN data structures, which may vary depending on the packaging and distribution process. For items shipped as standard packs (each logistical unit is a single item), suppliers first identify the item in the ASN then provide a list of serialized containers. For items sent in a pick-and-pack structure (each logistical unit contains a mixture of items), suppliers need to first identify the serialized container then list the items within. Retailers should provide clear direction regarding the various packing and document structures they require with a sample for each, including scenarios such as ship to DC/mark for stores, direct to store, direct to consumer, no pack, etc.
- 3 Don't underestimate the importance of barcode label quality and placement.** Many retailers require serialized GS1- 128 barcode labels on all cartons, pallets, and other logistical units. During receiving, the barcode labels are read by fixed readers on automated conveyors systems in the DC or warehouse. As a result, the labels must be affixed on the correct side of the package observing the "quiet zones" established by the retailer. Review the GS1 general specifications for barcode labels, which are very helpful for proper implementation. Retailers need to ensure they follow the GS1 general specifications and detail their unique requirements clearly. For suppliers applying barcode labels to individual saleable units, validate that the correct barcode is placed on the correct unit. It is not be obvious until it arrives at the store that the barcode is wrong. Suppliers need to implement a quality assurance program for barcode labels with contract manufacturers, as well as verification processes for barcode quality on all cartons and other shipping containers.
- 4 100% data accuracy is a must!** Data accuracy starts long before product is packaged in the warehouse. Trading partners should start by synchronizing item information such as style, color, size, GTIN, packaging dimensions, and pricing before the purchase order is exchanged. If both suppliers and retailers share the same accurate master data, then discrepancies can be avoided throughout the supply chain. Ensure that the unit of measure on the purchase order matches the unit of measure on the ASN. The buyer in the merchandising department and the receiving clerk at the warehouse may not communicate regularly. They both rely on the documentation for accuracy based on the agreements made during the purchasing process.
- 5 Ensure all required segments and data elements are populated.** Fields such as the PRO number, bill of lading (BOL), and carrier identifier are critical components of the ASN. Gathering all the data for an ASN in a timely manner can be challenging. Suppliers are not likely to get the BOL until the carrier is on premise, perhaps not even until after the shipment is loaded and ready for transport. Regulatory requirements are increasing the challenges with ASNs as well. For example, Importer Security Filing (ISF) legislation requires product importers of record to submit 10 data elements regarding the parties involved in packing and shipping to U.S. Customs at least 48 hours in advance of a ship leaving its point of departure.

- 6 Don't try to implement every trading partner at the same time.** Start with a pilot program. Identify problems with ASNs then take corrective actions. Wait to pursue additional expansion of the initiative until the process is running smoothly with a few partners. Retailers may find challenges with particular product categories or distribution flow processes. Suppliers must remember that not all retailers may be ready to receive ASNs for all product lines or order management scenarios.
- 7 Approach the ASN project holistically.** Although the actual ASN document is usually supported by the technology group, it is driven by business processes. Retailers should not embark on a full-scale ASN initiative until they have prepared their distribution teams to automate the processes of receiving and reconciling the information. While a phased approach may help to manage time and cost objectives, there is little value in having suppliers invest in the complexities of implementing the ASN when the information cannot be capitalized on at the DC and downstream distribution points. Suppliers must ensure that business personnel in the shipping, logistics, and customer service organizations are involved for success. Suppliers cannot create ASNs with a lot of static or hard-coded data. The ASN is an event-driven document that requires information from each separate shipping cycle to be accurate. Suppliers should consider optimizing their distribution process to support ASNs for every customer, and then turn generation of the ASN document on or off for each retailer as their receiving capabilities dictate.
- 8 Communication is critical!** Trading partners should establish relationships with key personnel across each other's organization. These relationships will expand beyond traditional contacts in merchandising. Effective relationships will enable staff to ask questions and handle issues uncovered during testing. A proactive and thorough approach to communication will prevent errors in the distribution process that can lead to merchandise delays, reconciliation issues, and invoice deductions. Carrier relationships are important as well. Carriers control not only the transport of the goods, but also the timing of receipt at the buyer's location, making them a critical part of the ASN process. Many suppliers work with carriers that are selected by the retailer, so a means for ongoing three-way communication should be instituted wherever possible.
- 9 Plan, plan, plan.** No company should embark on an ASN initiative without creating a plan that includes an overall strategy and a list of phased, tactical objectives. While the ASN is often referred to in EDI circles as the most difficult document to implement, it is the underlying processes that require thoughtful and thorough analysis. The most accurate ASN comes from a well-detailed plan. Suppliers need to consider manufacturing, picking, packing, and distribution components. Retailers must contemplate changes to receiving at all locations, as well as data integration, requirements documentation, and testing and compliance scenarios.
- 10 Test, test, test.** An effective planning process would be incomplete without taking into account the various obscure use cases that will likely occur immediately after a production implementation gets under way. Retailers should offer the ability to send test ship notices for all packing and distribution scenarios. Suppliers need to create ASNs with sample data populated to share with retailers. The testing process will uncover both data and process-related problems that will potentially become compliance violations (aka chargebacks).

When the right amount of planning, testing, and communication are paired with following best practices and all documented guidelines, a high degree of accuracy with a majority of trading partners is possible. This creates a winning combination, a successful ASN rollout, and long-lasting strategic trading partnerships!



About GXS

GXS is a leading provider of B2B e-commerce solutions and operates the world's largest and most expansive network of integrated business communities. The company's software and services simplify and enhance businesses process integration and collaboration among networks of trading partners. Organizations worldwide, including more than 75 percent of the Fortune 500, use GXS solutions to extend their supply chain networks, optimize product launches, automate warehouse receiving, manage electronic payments and gain supply chain visibility. Based in Gaithersburg, Maryland, GXS has operations and offices around the world. For more information, see <http://www.gxs.com>, <http://blogs.gxs.com> and <http://twitter.com/gxs>.

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