**Advance Ship Notice (ASN) Receiving**

Increasing sales is everybody’s objective. And so is reducing losses. Effective receiving practices, both at store level and warehouse level, will get product onto your store shelves faster and reduce out-of-stocks (and reduce lost sales). Inventory integrity is improved, also resulting in fewer out-of-stocks. And, inventory losses are minimized as you are accepting accountability only of the product that is actually received.

The Ship Notice/Manifest (Advance Ship Notice EDI 856), along with the Serial Shipping Container Code (SSCC) in a GS1 128 Barcode (referred to as UCC-128) ensures accurate and timely receiving. The ASN receiving process is facilitated by scanning the carton level SSCC, which matches with the ASN, systematically pulling back the Purchase Order information, including Global Trade Item Number (GTIN/UPC) and quantities. ASN receiving is proven to be more accurate than manual receiving, and should be practiced whenever available unless POs or cartons are flagged for auditing. It’s too easy for a clerk manually receiving product to confuse versions of similarly titled products (like the wide-screen or full-screen SKU of a DVD, or like the PS3 or Xbox SKU of a video game).

These best practices have been aggregated from retailers proven to be “best in class” and are recommended for all retailers. Examples of “best in class” policies and procedure follow.

**Best Practices**

1. Written policies should be established for receiving personnel either at store or dc/warehouse level. Written policies should also be established and distributed to suppliers.

**Store level**

1. Do not allow deliveries to front doors or any other non-authorized doors.
2. Differentiate personnel with receiving responsibility from those with merchandising responsibility. Create a distinct line in the receiving area that only authorized inventory receivers can cross.
3. Establish an outside time limit for receiving direct store deliveries into your inventory system (no more than 24 hours from the time of delivery).
4. New release product should be received immediately.
5. No products should be brought to sales floor prior to being received.
6. Establish policies regarding receiving incomplete POs and for responding to internal requests for receiving paperwork.
7. ASN/UCC-128 shipments should be received from regular direct store deliveries and should be carton received.
8. Suppliers should be certified in order for their deliveries to be carton received.
9. Establish policies for handling UCC-128 barcodes that can’t be read and for receiving “closed” purchase orders or substitutions.

**Warehouse/DC**

1. Require appointments, and confirm once scheduled.
2. Require the Shipment Status Message (EDI 214) from carriers and the Advance Ship Notice (EDI 856) in advance of delivery.
3. To receive products, scan cartons and create and apply internal pick labels.

**Receiving of Direct Store Deliveries**

*Overall outline of direct store delivery process*

- A “Direct Store Delivery” is merchandise shipped directly to the store from a supplier or distributor.
- Typically, private carriers (e.g., UPS, FedEx) or common carriers (e.g., Yellow Freight, Emery) deliver these shipments.
- Stores receive either regular or UCC-128 Drop Shipments.
- One team (receiving or asset protection, for example) should be responsible for receiving all Direct Store Deliveries; a separate team (sales department merchandising staff, for example) should be responsible to merchandise Direct Store Deliveries on the sales floor.
- Delivering product to the floor quickly and maintaining inventory integrity helps customers find what they need and increases their confidence that our store will have desired items in stock.

*Receiving direct store deliveries (Overall Process)*

Ensure accurate receiving and record-keeping of all Direct Store Deliveries by observing the following:

- Accept all Direct Store Deliveries at the warehouse doors only.  
  **Note:** Do not allow carriers to deliver shipments to the front doors.
- The team responsible for receiving must receive direct store deliveries into the inventory system within 24 hours of product arrival at the store and before bringing the product to the sales floor.
- All new-release products must be received immediately.
- Ensure there is a distinct line in the receiving area that only authorized inventory receivers can cross.
- After the appropriate team receives a direct store delivery into your inventory system, the merchandising team transports the products to the sales floor and merchandises them.
a. If a merchandising team member is not available, store the products in the warehouse.
b. When business permits, merchandising team members check the warehouse for shipments to be merchandised, transport these products to the sales floor, and merchandise them as appropriate.

- If all items on a direct store delivery Purchase Order (PO) do not arrive, wait 72 hours before claiming a loss in order to account for product still being shipped to the store.
- If your company’s accounting department or inventory control department request receiving paperwork fulfills the request within three business days to reduce discrepancies that result in store shrink.
- Complete all additional, required procedures for each type of Drop Shipment as outlined below.

**Additional procedures for regular (non-UCC-128) direct store deliveries**

- Regular direct store deliveries include all direct store deliveries other than UCC-128. These deliveries are only received by those assigned with receiving responsibility.
- A manager must verify the total carton count and sign the driver’s paperwork.
- Verify the physical product against the packing slip.
- Receive the shipment into the inventory system.

**Additional procedures for receiving UCC-128 (ASN) deliveries**

- UCC-128 shipments differ from regular direct store deliveries in that cartons are labeled with barcodes containing SKU/Item Number and quantity information for all products inside the carton. **Note:** UCC-128 shipments may contain numeric transfer numbers or alpha PO numbers, depending on the supplier.
- Separate the UCC-128 shipments from regular direct store deliveries by supplier.
- **UCC-128 shipments are carton received.**
- Suppliers must meet and maintain the UCC-128 Certified Criteria to become UCC-128 Drop Shipment certified. **Note:** Use the regular direct store delivery process to receive audit-flagged POs for UCC-128 certified suppliers.
- Receive each supplier separately and scan each carton. **Do not** open each carton and scan individual SKUs unless the shipment is flagged for auditing. **Do not** separate same-supplier shipments by PO number. The inventory system performs this action automatically. However, receive each supplier separately and scan each carton.
- The carton number is assigned to a PO.
• If the scanner can not read the UCC-128 barcode, key the barcode number manually. If the inventory system still does not accept the barcode, follow the process for Overcoming UCC-128 Obstacles to receive the shipment.
• Record the receiving numbers on the packing slips before completing the receiving.
• File the packing slip by supplier.
• Stage the product for merchandising.

Procedures for receiving audited UCC-128 (ASN) deliveries

• If an approved Assume Receipt vendor is flagged for audit, the shipment must be manually received.

Procedures for receiving “closed” purchase orders

• Closed purchase orders include POs cancelled by the inventory system when no product is received against it or when corporate cancels the order, as well as when all stores associated with the PO have received all of the SKUs and quantities. If the PO is complete, do not override or continue. If product is received twice, perpetual inventory will not be accurate and incorrect inventory levels result. Ensure that the product has not been previously received.
  a. In your inventory system, compare the list of SKUs/item numbers on the PO with the existing inventory to determine if the product has previously been received.
  b. If a record of the SKUs/item numbers does not exist, receive the SKUs/item numbers against the completed PO.
  c. If a record of the SKUs/item numbers being received exists, complete a stock count of all SKU/item numbers on the PO prior to receiving. If actual inventory exceeds system records, then receive the product and document the reason for receiving.

Overcoming UCC-128 Receiving Obstacles

• Systems Failure – if the inventory system loses functionality before completion of the receiving, the inventory system cannot create a receiving. Rescan the box to properly receive the product when functionality returns.
• Previously Received – to determine whether a UCC-128 carton has been previously received, look up the purchase order in your inventory system, check to see whether the items are the same, and check to see whether the carton has been scanned. If the items are the same, and the carton hasn’t been received, then receive it as you would any UCC-128 delivery. If the shipment is different, detail-receive the carton.
• Unreadable UCC-128 Barcode – Manually key the barcode. If the carton number is invalid, obtain the UCC-128 number in your system base on the PO. If the
carton number is received, then ensure that the carton was not previously received (above procedure). If the carton numbers aren’t the same, document the reason that the shipment was detail received.

**DC Level Receiving - ASNs**

*Overall outline of DC level delivery process*

*Scheduling Overview*

An appointment is required for a loaded trailer to be allowed in the yard. This ensures the merchandise is being tracked, as well as ensures sufficient staff to unload the truck. Carriers request appointments and, once scheduled, are confirmed. The carrier sends the load details by Electronic Data Interchange (EDI 214).

*ASN Usage*

The EDI 856 allows visibility to how much freight will be arriving to help with planning and scheduling and provides information to increase speed and accuracy by allowing the use of automated technology and for a more appropriate allocation of product to the stores.

*Barcode Usage*

Each received order should have been barcoded at the carton or pallet level using a UCC-128 (also known as SSCC-18) to identify the order and to tie it to the ASN transaction set. The ASN transaction set is EDI’d from the supplier to receiver as soon as the order is invoiced and shipped, and is received electronically prior to the physical delivery of the order.

During the receiving process shipping cartons are scanned, the barcode is matched with the ASN transaction set and an internal pick label is applied (automated or manual) to the carton. This carton is then shipped to a store or onto the storage racks. Accurate, readable barcodes and the EDI 856 are necessary in order for the carton to flow efficiently.

*Process Flow*