

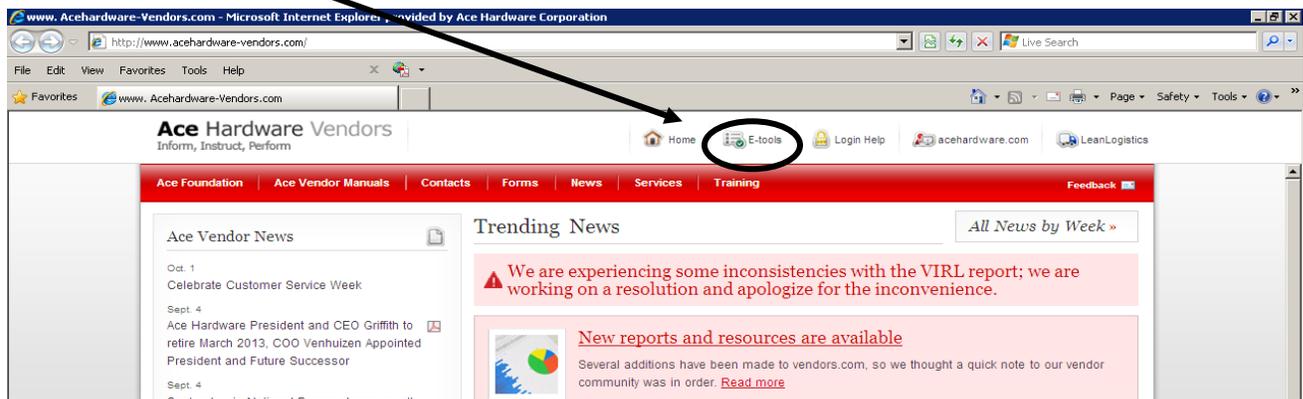
## Vendor Scorecard Overview

Ace Hardware Corporation developed a vendor scorecard to provide our suppliers visibility into critical metrics with respect to sales, inventory levels, sku count, on time shipments, vendor first fill rates, defective claims, negotiated terms, etc. The Vendor Scorecard data is **updated monthly on the sixth of the following month** (i.e. the September Vendor Scorecard data will be available on October 6<sup>th</sup>) and can be run on demand. The first month the scorecard is available is September 2012.

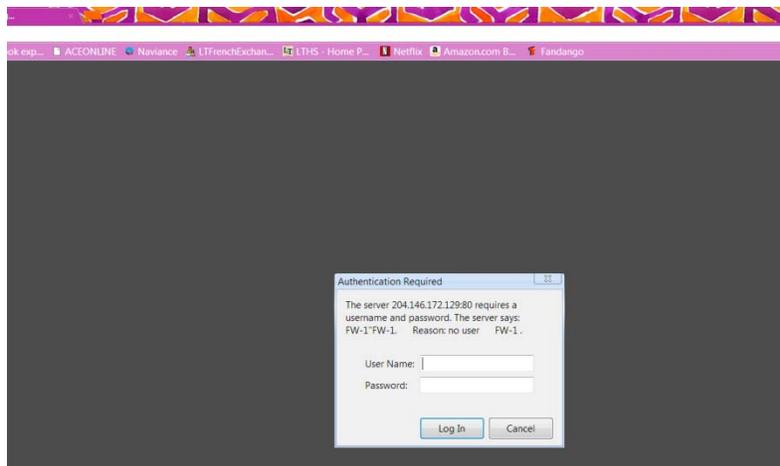
## 1. Steps for Running Vendor Scorecards

Below are the steps for running the Vendor Scorecard. Note that users have the option of running the scorecard in total (all buyers summed) OR for one specific buyer associated with that vendor.

- a. Log onto Ace Hardware's Vendors.com website: <http://www.acehardware-vendors.com/>
- b. Click on the **E-Tools** icon

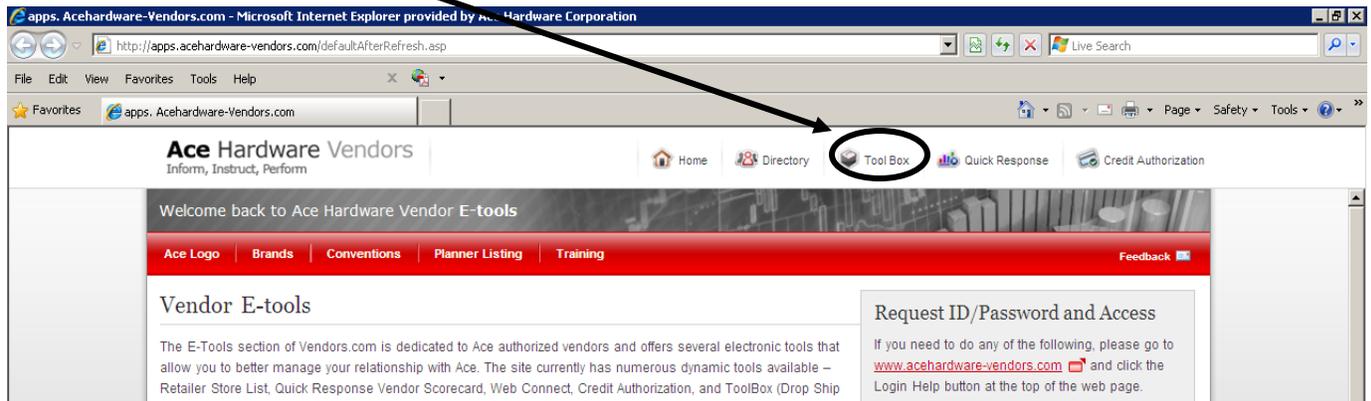


- c. Log into Ace's firewall by using your existing **ETools** user ID and password:



**\*\* If you are a new user to ETools, go to the home page of vendors.com and click on the login help button under ETools. Then select ID request. Be sure to indicate both that you are a new user as well as you need access to the Toolbox. Note: It may take up to 2-5 days to have your request for access processed.**

d. Under ETools, select the **Tool Box**

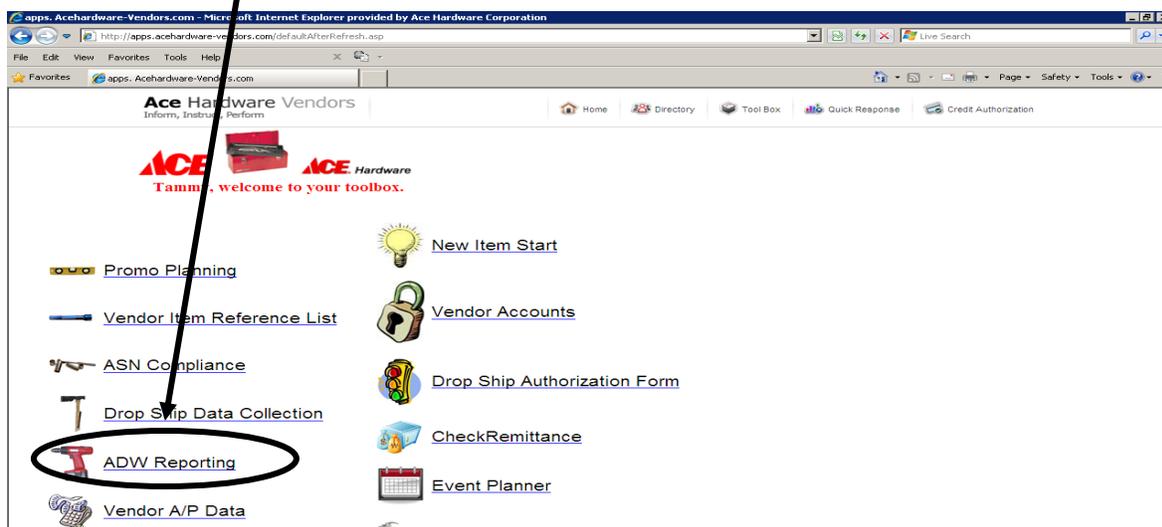


e. Logon using your existing **vendor ID and password**:



**\*\* If you are a new user to the Toolbox, go to the home page of vendors.com and click on the login help button under ETools. Then select ID request. Be sure to indicate that you are an existing ETools user and need access to the Toolbox. Note: It may take up to 2-5 days to have your request for access processed.**

f. Select the **ADW Reporting** on the Toolbox menu and click "I agree" on the next agreement screen.



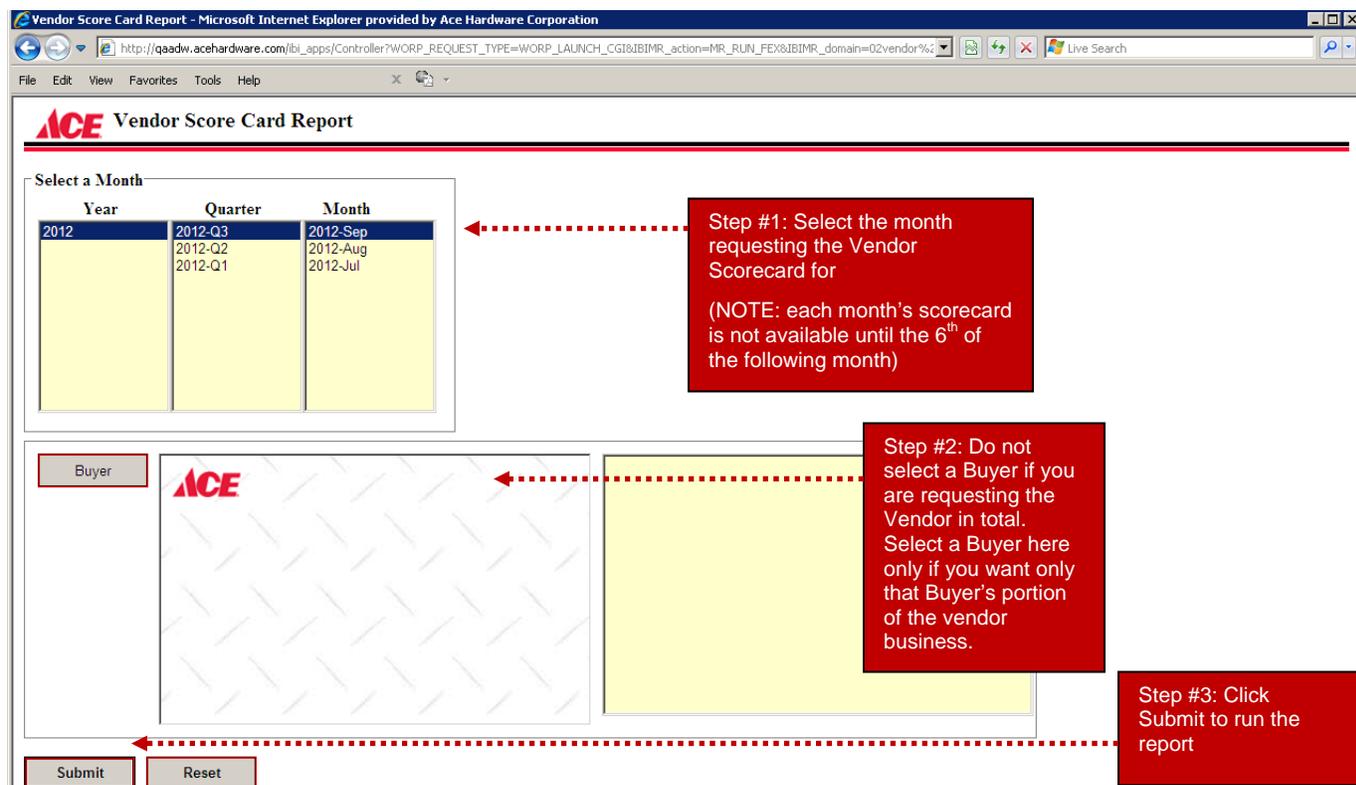
- g. Under the **Supply Chain Visibility** tab, select the **Supply Chain Visibility Vendor Scorecard**.



- h. Select the desired parameters by first choosing the **Time Period** (year, month) for the scorecard you would like to run.

Second, decide whether you want the data brought back in total for your vendor# or just a specific buyer's portion of your business. When seeking vendor data in total, do NOT select a buyer code. When seeking just a specific buyer's portion of your business, select a buyer.

To run the report, click **Submit** at the bottom of the page. The following is a diagram illustrating these steps:



- i. At the Deferred Report Notification screen, click close and in the upper right hand corner of the screen, click the "x" to close out of this report's launch page.

- j. To retrieve the vendor scorecard, click on the **Report Status** tab. After being launched, the report will go from a "Queued" status to "Running" to "Completed". Once completed, click on the **View** button to open the PDF file.

WebFOCUS Business Intelligence Dashboard - Microsoft Internet Explorer provided by Ace Hardware Corporation

ACE ENTERPRISE Reporting

Vendor View

Report Status

Deferred Report Status as of Wednesday, October 03, 2012 10:59:01 AM

Completed	Date/Time Submitted	Domains	Description	Expires In	Options
	Tuesday, October 02, 2012 8:25:53 AM	2. Vendors	Supply Chain Visibility - Vendor ScoreCard Report	28 days	Delete View
	Tuesday, October 02, 2012 7:54:21 AM	2. Vendors	Supply Chain Visibility - Vendor ScoreCard Report	28 days	Delete View
	Tuesday, October 02, 2012 7:54:11 AM	2. Vendors	Supply Chain Visibility - Vendor ScoreCard Report	28 days	Delete View

**k. Drilldowns**

Once the Vendor Scorecard is run, the sku level detail can be drilled into by clicking any of the TY Current Period figures within the Wholesale Sales section. **Note that the drilldown is only available for the most current month's scorecard.** The drilldown data is displayed in a Microsoft Excel format.

ACE Vendor Scorecard (Domestic) August, 2012

All Buyers Associated with Vendor#: 01A 01C 06F 07G 08J 08O 08Z DRP

Article counts per buyer: . 147 51 66 30 . . . .

Wholesale Sales [Current Period](#) [YTD](#)

		TY	LY	% Chg	TY	LY	% Chg
RSC Sales	Warehouse \$	\$1,411,071.11	\$1,410,892.74	7.4	\$10,178,481.80	\$9,812,853.89	5.9
	Bulletin \$	\$179,872.85	\$44,469.47	297.3	\$2,211,494.19	\$1,485,029.59	48.9
	Total RSC \$	\$1,691,743.95	\$1,455,362.21	16.2	\$12,389,976.00	\$11,297,883.48	10.6
Drop Ship Sales	D/S - Vendor Total \$	\$0.00	\$8,733.01	-100.0	\$192,484.26	\$181,850.25	6.0
	D/S - Selected Buyers \$	\$0.00	\$8,733.01	-100.0	\$192,484.26	\$181,850.25	6.0

Service Level to Ace Retailers [Current Period](#) [YTD](#)

	TY	LY	% Chg	TY	LY	% Chg	Annual Goal
Each Service	94.0%	88.2%	6.4	96.4%	94.9%	1.5	97.0%
Dollar Service	96.3%	88.1%	9.2	96.5%	95.1%	1.5	N/A

Inventory Value [Current Period](#) [Rolling 13 Mths Avg](#)

	TY	LY	% Inc	TY	LY	% Inc	Annual Goal
Inventory \$	\$3,997,513.28	\$3,129,983.38	27.72	\$3,854,094.01	\$3,429,980.47	12.39	N/A
On Order \$	\$345,943.27	\$670,220.24	-66.87	N/A	N/A	N/A	N/A
Close Out Inventory \$	\$198,301.32	N/A	N/A	N/A	N/A	N/A	N/A
Avg Inventory Turns	N/A	N/A	N/A	3.86	4.05	-4.93	6.13

SKU Counts

RSC Stock Articles (excluding cancelled items)		221
Discovery Assortment	Convenience	41
	Core	67
	Super	88
Non-Stock RSC Articles		63

Click on any of these fields in order to drill into the sku detail

The following is a sample of the drilldown data that is returned at a sku level:

## 2. Definitions of Fields Represented on the Vendor Scorecard

The following provides a description of the various fields presented on the Vendor Scorecard. Note that metrics highlighted in yellow represent key metrics Ace Hardware is focused on.

TY is used to represent “This Year” and LY for “Last Year”.

Section	Field Name	Description	Period represented: Fiscal vs. Calendar
All Buyers Associated with Vendor#	Article Counts per Buyer	Represents the article counts (excluding cancelled skus) for each Buyer associated with the vendor. When the Vendor Scorecard is run for the vendor in total (no buyer selected), no buyers will be highlighted. When the Vendor Scorecard is run for a specific buyer for that vendor, that buyer code is highlighted in gray.	
Wholesale Sales	RSC Sales	Represents Warehouse and Bulletin (i.e. promotional bulletins, pallet alley) sales combined	Fiscal
	Drop Ship Sales	Represents the sale of products sold directly from the vendor to Ace's retailers. If no buyer was selected when running the report, the “drop ship vendor total” and “drop ship selected buyers” will be the same. If a buyer was selected, then the “drop ship vendor totals” will represent all drop ship sales for the vendor whereas the “drop ship selected buyer” will only represent only the drop ship sales for that specific buyer.	Fiscal
Service Levels to Ace Retailers	Each Service	Represents the percentage of our retailer orders Ace was able to fill in terms of eaches. Calculated as each sales as a % of unfiltered each demand	Fiscal
	Dollar Service	Represents the percentage of our retailer orders	Fiscal

		Ace was able to fill in terms of dollars. Calculated as sales \$ as a % of unfiltered dollar demand	
<b>Inventory Value</b>	Inventory \$	Represents onhand inventory	Fiscal period end
	On Order \$	Represents inventory ordered but not yet received	Fiscal period end
	Closeout Inventory \$	Represents inventory related to skus that have been closed out (article status = 9)	As of 5 <sup>th</sup> day following fiscal period end
	<b>Avg Inventory Turns</b>	Represents how quickly Ace is turning our inventory. Calculated as: Cost of Sales for Past 12 Fiscal Periods divided by Rolling 13 Monthend Avg Inventory	Fiscal
<b>SKU Count</b>	RSC Stock Articles	Represents all distinct skus stocked in Ace's RSCs and RDCs that are not cancelled (includes active, new, closeout, temporary, and seasonal skus).	Fiscal period end
	Discovery Assortment	Indicates the # of unique articles that are include in each of the Discovery planograms for retailers (Convenience, Core and Super).	Fiscal period end
	Non-Stock RSC Articles	Represents a distinct count of articles purchased by retailers through the RSC's that are not regularly stocked in Ace's warehouses.	Fiscal period end
<b>Vendor Fill Rate to Ace</b>	PO Count	Represents the # of POs with first receipts	Calendar (one month lag)
	Avg Receipt per PO	Represents the avg # of receipts it takes to receive the full quantities ordered for POs.	Calendar (one month lag)
	Avg # of Days to Complete PO	Represents on average the # of days between the first and last receipts for all completed POs.	Calendar (one month lag)
	First Time Lines Fill Rate	Represents the # of PO lines received on the day that the first receipt occurred as a % of the total lines on the PO.	Calendar (one month lag)
	First Time Eaches Fill Rate	Represents the # of PO eaches received on the day that the first receipt occurred as a % of total eaches on the PO.	Calendar (one month lag)
	<b>4 Day Adjusted Lines Fill Rate</b>	The # of PO lines received during the first four days following the first receipt as a % of the total lines on the PO. (For example, if the first receipt occurs on 5/1, the adjusted fill rate would include receipts through 5/4 (4 days total)).	Calendar (one month lag)
	4 Day Adjusted Eaches Fill Rate	The # of PO eaches received during the first four days following the first receipt.	Calendar (one month lag)
<b>Lead Time</b>	Negotiated Vendor Processing Days	Represents Ace's expectation in terms of how long it should take a vendor to process our order and have it ready for shipment. The Vendor Processing Days are used in Ace's calculation of Expected Ship Date (PO Date + VP Days= Expected Ship Date (adjusted for weekend days and holidays).	
	<b>% of ASN's Past Expected Ship Date</b>	For both prepaid and collect vendors, this represents the % of ASN's where the PO was shipped past the Expected Ship Dates (vendor was late). Considers only the first ASN for the	Fiscal

		PO.	
	% of Shipments Past Expected Arrival Date	Represents the % of shipments received by Ace's RSC's later than the PO Expected Arrival Date. (The Expected Arrival Date is calculated as the PO date plus the average lead time for the vendor. However, the EAD can be overridden for POs by the Inventory Planner.) Considers only the first receipt for each PO.	Fiscal
	Wtd Avg Lead Time Days	Lead time measures the # of days between the PO date and the receipt date. This metric takes into account all receipts and is weighted by the dollar value of the receipts. The current period represents the average lead time for a rolling 4 week period. The rolling 13 Months represents a rolling 56 week measurement.	Fiscal
<b>Negotiated Terms</b>	Standard Cash Terms	Represents the cash discount % and # of days allowed for payment as negotiated.	
	Vistex Extraneous Allowance	Represents the allowance % based on purchase volume negotiated with the vendor. Typically this % of purchases is charged back on a quarterly basis.	
	Branching Out Allowance	Reflects whether the vendor contributes towards Ace's Branching Out program which is used to fund new stores' opening inventory investment.	
	Advertising Allowance	Represents whether the vendor is committed to funding our advertising initiatives through an annual advertising allowance.	
	Freight Terms RSC Program	Represents the freight terms for shipments into our RSCs. (PPD=Prepaid, COL=Collect)	
	Freight Terms DS Program	Represents the freight terms for shipments being shipped directly from the vendor to retailers.	
	Defective Policy	Represents the defective claim policy negotiated at a vendor level. Specific article overrides are possible.	
	Collaborative Vendor	Indicates whether the vendor is set up as a CCP vendor whereby they control the warehouse replenishment (cutting of POs) for Ace.	
<b>Accuracy and Completeness Measure</b>	Initial Invoice Acceptance Rate	Represents the % of invoices that successfully pass through Ace's EDI 810 edits.	
<b>Vendor Compliance</b>	Policy A Defective Claims # of Claims	Represents the # of Policy A defective claims submitted by retailers (no documentation required).	Calendar
	\$ Value of Claims	Represents the dollar amount of the Policy A defectives	Calendar
	Claims as % of RSC Sales	Represents the defective claim dollars as a % of RSC Sales. Note: there is often a lag between the sale of the product and the filing of the defective claim.	Calendar
	Quick Response Score	Represents the average % the vendor has complied with Ace's Quick Response criteria based on inbound shipments to Ace's RSCs.	Fiscal

	EDI 850 PO	Indicates whether the vendor is set up to electronically receive our purchase orders through an EDI 850 document.	
	EDI 997 PO Acknowledgement	Indicates whether the vendor electronically acknowledges receipt of Ace's POs through an EDI 997 document.	
	EDI 856 Advance Shipping Notice	Indicates whether the vendor sends advance shipping notices (an EDI 856 document) that signals to Ace that they have shipped product on our purchase orders.	
	EDI 810 Invoice	Indicates whether the vendor electronically transmits their invoices to Ace via an EDI 810 document.	
	Electronics Funds Transfer	Indicates whether vendor allows Ace to make payments to them via an Electronic Funds Transfer (rather than a check).	
<b>Vendor Compliance Fines</b>	Barcode	Indicates the # of incidents where the merchandise received at the RSCs had missing or improper bar code labels attached to the packaging.	Fiscal
	New Start Audit	Indicates the # of incidents where the initial shipment of an item contained a mis-match in either weight, quantity or bar code labeling, as compared to the initial product data for that item.	Fiscal
	Preferred Carrier	Indicates the # of incidents where an Ace preferred carrier was not used to ship merchandise to the RSCs.	Fiscal
	Non-EDI Invoices	Indicates the # of incidents the vendor did not accept Ace's EDI 850 purchase orders; did not submit EDI 856 ASNs; or did not transmit EDI 810/812 invoices/credit memos.	Fiscal
	EFT, VI Insurance	Indicates that the vendor has not submitted bank information so that Ace can pay the vendor electronically.	Fiscal

### 3. Fields Represents on the Drilldown

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>▪ Location Count (includes RSCs and RDCs)</li> <li>▪ Article Status by Site (A=Active, N=New, S=Seasonal, T=Temporary, 9=Close-out, C=Cancelled)</li> <li>▪ Description</li> <li>▪ Manufacturer#</li> <li>▪ Ace Brand (private label)</li> <li>▪ Stock vs. Non-stock</li> <li>▪ Defect Goods Policy Override (at article level)</li> <li>▪ Country of Origin</li> <li>▪ Retailer Cost</li> <li>▪ Minimum Birthdate (the earliest date the article was added to one of Ace's RSCs)</li> <li>▪ MIU (indicates whether the article is sold in multiple selling units i.e. rope, wire)</li> <li>▪ IPU</li> <li>▪ Inventory Quantity</li> <li>▪ Inventory \$</li> <li>▪ On Order Quantity (includes internal transfers i.e. from RDC to RSC)</li> <li>▪ On Order \$</li> <li>▪ Closeout \$ (represents closeout inventory dollars)</li> </ul> | <ul style="list-style-type: none"> <li>▪ Each Service Level% (represents Ace's service level to our retailers)</li> <li>▪ Corporate Inv Turns (represents inventory turnover for the article based on 12 month cost of sales divided by rolling 13 months avg inventory)</li> <li>▪ Wholesale Store Count (represents # of stores that purchased the article from Ace in the current period)</li> <li>▪ RSC Sales: <ul style="list-style-type: none"> <li>○ Eaches TY Current Period</li> <li>○ Sales \$ TY Current Period</li> <li>○ Sales Eaches LY Current Period</li> <li>○ Sales \$ LY Current Period</li> </ul> </li> <li>▪ Drop Ship Sales: <ul style="list-style-type: none"> <li>○ Eaches TY Current Period</li> <li>○ Sales \$ TY Current Period</li> <li>○ Sales Eaches LY Current Period</li> <li>○ Sales \$ LY Current Period</li> </ul> </li> <li>▪ Merchandise Class</li> <li>▪ Merchandise Class Name</li> <li>▪ Product Group</li> <li>▪ Product Group Name</li> <li>▪ Discovery Status (recommended by Discovery and included in at least one of Ace's recommended planograms)</li> </ul> |
|---|---|

### 4. Questions?

- a. Contact Ace's Care Center at (630)990-6593 or [AceVendorCareCenter@acehardware.com](mailto:AceVendorCareCenter@acehardware.com).