

Introduction

Project: Procure to Pay

This PDF contains a larger subset of the entire set of flowcharts whose aim is to document Gilt's overall process of creating and launching a sale and processing the resulting orders. The information presented here has been gained by interviewing people in Ops, Merch, Sales Ops, and Finance.

When completed, this set will document the entire process. For this project I have focused on the processes that relate to procuring merchandise for a Sale and paying for it. Other parts of the overall process are represented by placeholders. (This draft actually contains more placeholders than the previous draft, but I have put a note on each placeholder to sum up the missing information and to set the section in the larger context.)

In addition to more placeholders, this draft contains:

- a key to the symbols used in the flowcharts (on the Table of Contents page, next)
- more complete hyperlinks throughout
- a glossary of terms, at the back

Please note that this is still a DRAFT, which means that some of the numbering is screwed up and the notation may be inconsistent in parts. Although this draft focuses on Procure to Pay, its long-range intent is to document the entire effort of putting on a Gilt sale. So there may be some flowcharts that are irrelevant to the project.

The notation used is Business Process Modeling Notation (BPMN). The intent of BPMN is to look enough like basic flowcharting notation that someone not familiar with BPMN can still get the basic idea. See the Table of Contents page for a key.

(By the way, there's now a "back to TOC" button at the bottom of each page; if you are viewing the PDF online, click on that button to go back to the Table of Contents. Once there, however, you are on your own.)

Please send any questions, comments, bug reports, etc. to rianmurphy@gilt.com

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Key to the Notation

The diagrams in this set use the Business Process Modeling Notation (BPMN). The goal of BPMN is to look enough like basic flowcharting notation that a reviewer will be able to follow it, yet still support a level of greater detail for accurate modelling. This key explains the BPMN symbols used in the diagrams that follow.

Start/End



Start Event



End Event



Continue from another page



Continue on another page

Tasks

Rework PO as needed

Single task in a process

2.1.9 Add UPCs

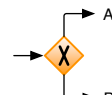
Sub-task (may be detailed on another page)

Process order items

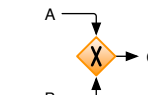
Repeated task (done for each of multiple objs.)

Gateways

Exclusive

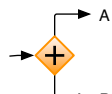


Either A or B will be followed, but not both

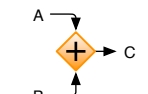


The process goes forward to C from either A or B

Parallel

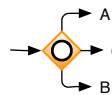


Both A and B will be followed

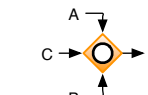


Both A AND B must complete before the process can go forward to C

Inclusive



One or more of A, B or C will be followed, depending on conditions



The process moves forward to D after any of A, B, or C completes

Triggers/Events



"Throws" event/trigger to another process



"Catch" of event/trigger from another process



Time Trigger-- starts new activity at a particular time



Escalation Trigger-- starts additional process

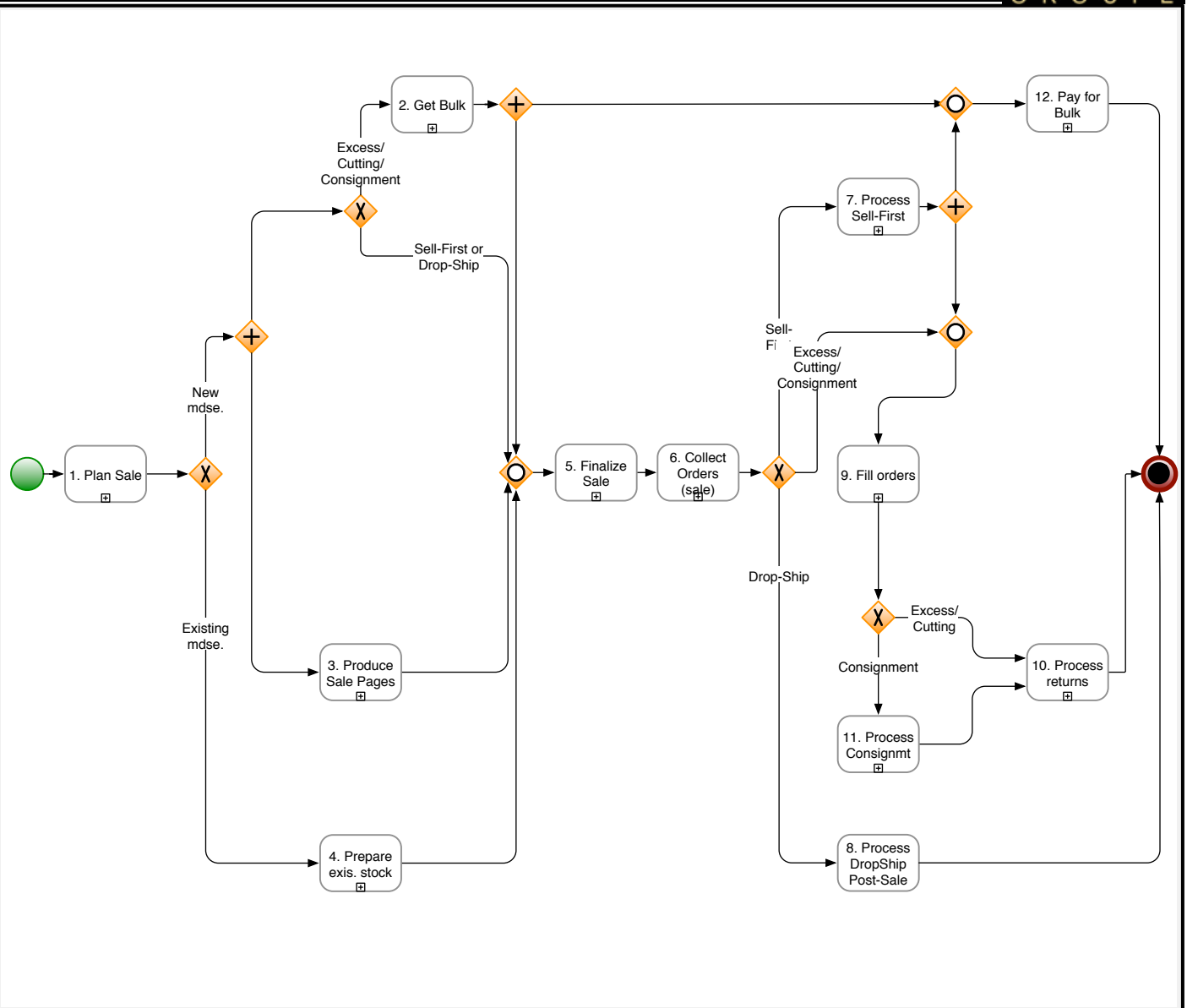


Error Event-- triggers remediation

Other Symbols

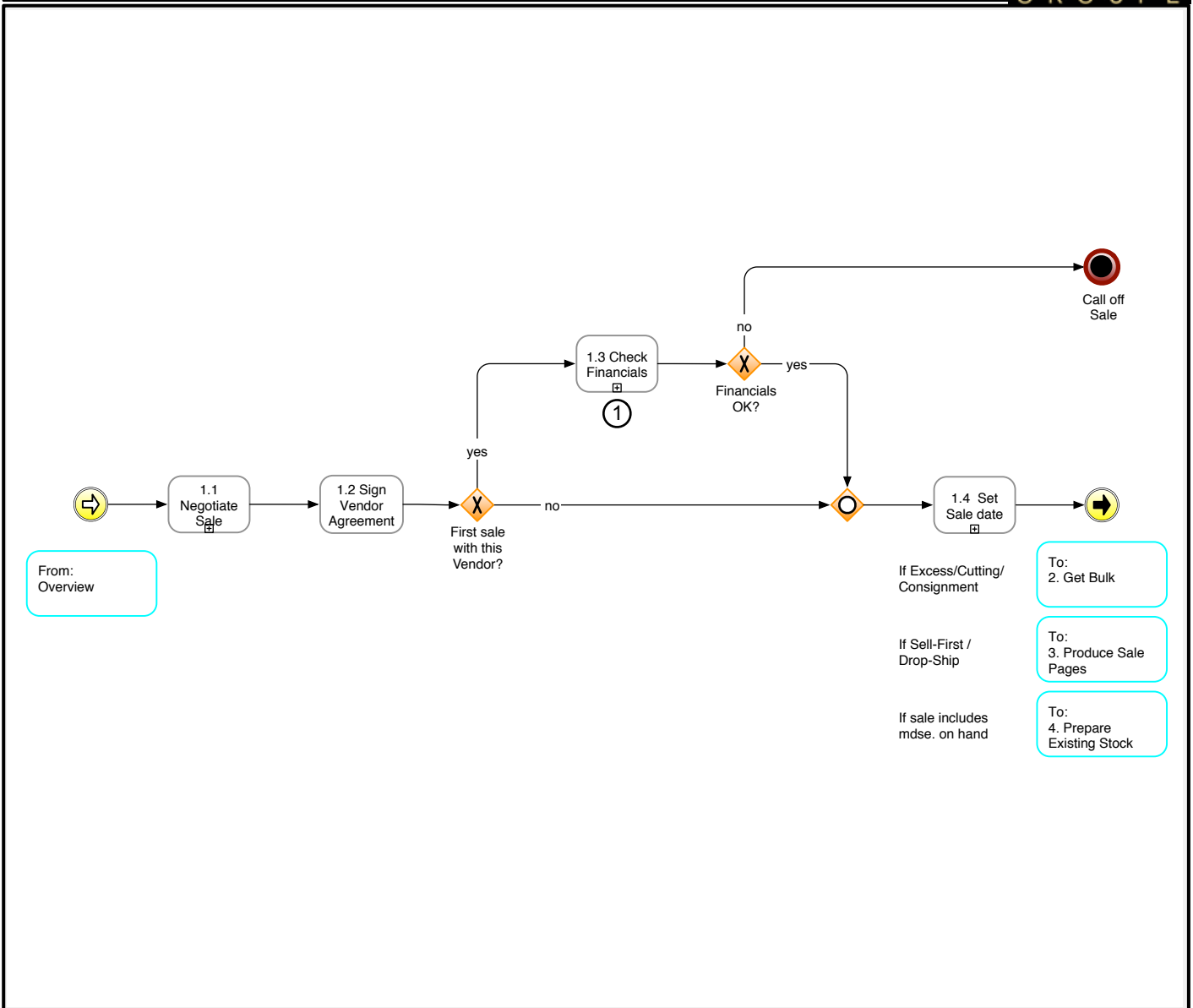


Data Object/ Document



This is a top-level overview of the entire Sale process: from planning a sale with a Vendor to getting "Bulk" (the merchandise to be sold) while producing the sale web pages and readying any existing stock to be added to the sale, to conducting the sale itself, to filling sale orders and processing returns. The basic pattern of producing a Sale varies according to the "Buy Type" of the merchandise being sold:

- o Excess: merchandise that a Vendor has "left over" from its regular business, that it is selling to Gilt at a discount
- o Cutting: merchandise that a Vendor is producing especially to sell to Gilt
- o Consignment: merchandise that a Vendor is transferring Gilt for a sale, with the agreement that any items Gilt does not sell will be returned to the Vendor
- o Sell-First: merchandise that the Vendor agrees to make available for sale on Gilt. In this case, Gilt does not place an actual PO for this merchandise until after the Sale.
- o Drop-ship: merchandise that Gilt takes orders for without actually receiving it at the Gilt Distribution Center. In this case, the Vendor packs and ships the sale orders.

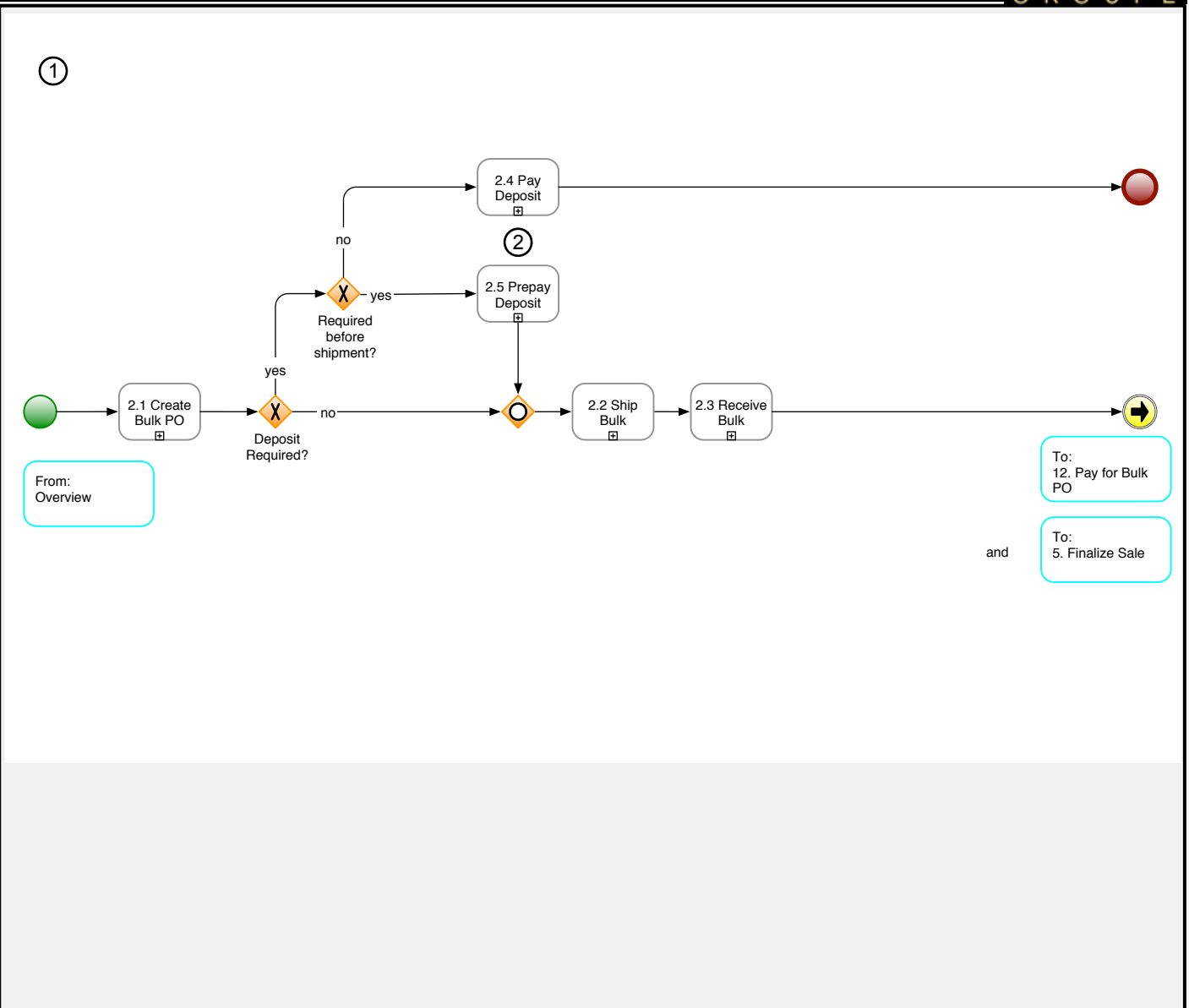


The planning stage of a Sale can take weeks or months of negotiation with the Vendor. Once the agreement is reached, and the Sale Date is set, the process picks up speed considerably.

1. If Gilt and the Vendor have not worked together before, Finance asks for financial information from the Vendor (and, often, the Vendor asks for the same from Gilt.)

2. Get Bulk (overview)

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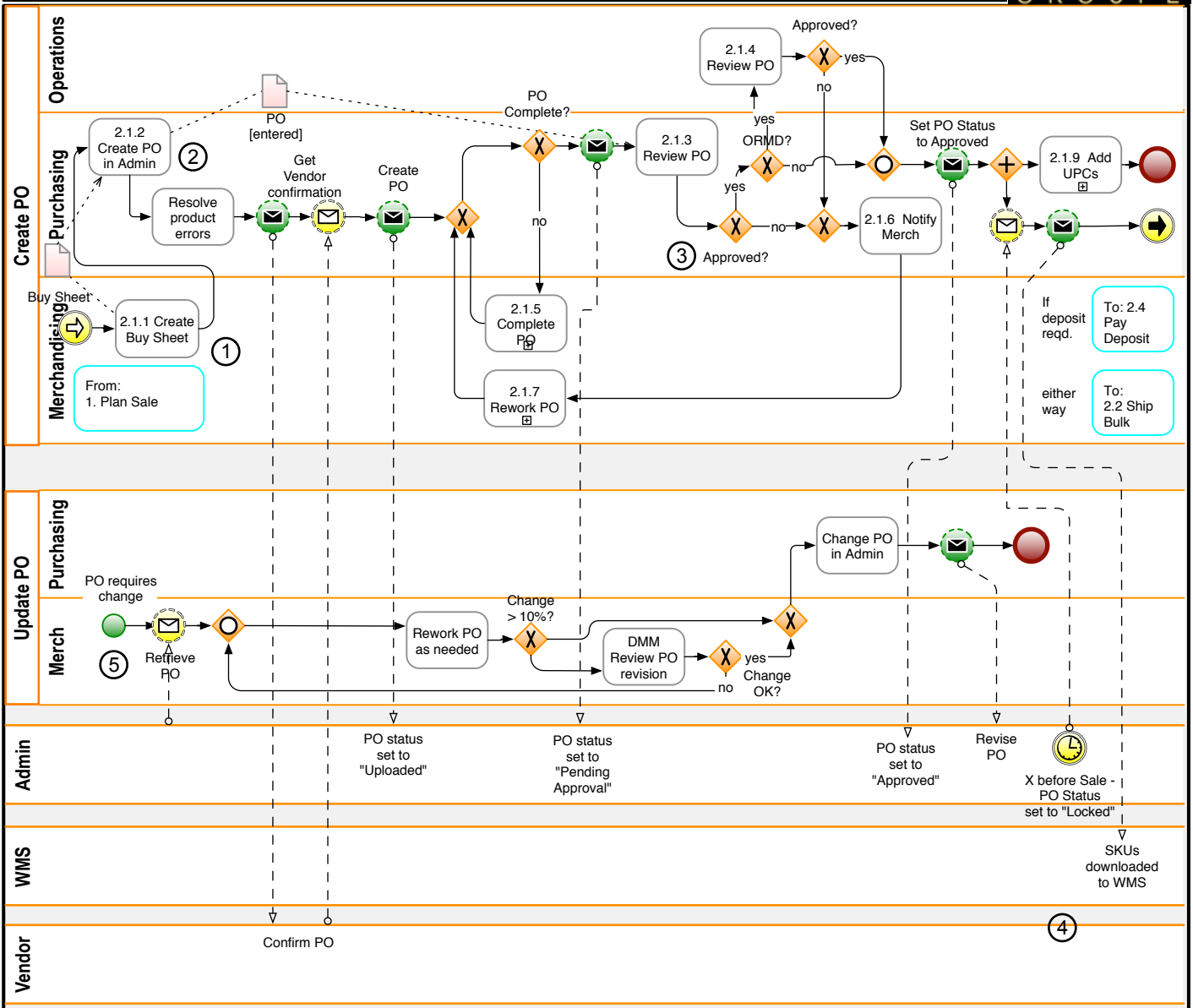
NOTES

1. The merchandise we get from Vendors is referred to as "Bulk". This is distinct from Samples, single units of sale items that used in photo shoots. In most cases, Samples are ordered, shipped and paid for separately.
2. In some cases, the Vendor asks for a partial payment up front. In some of these cases, the Vendor will not ship the merchandise until Gilt pre-pays this deposit. ("Prepay Deposit" is the same procedure as "Pay Deposit" except that it is a precondition for "Ship Bulk".)

2.1 Create Bulk PO



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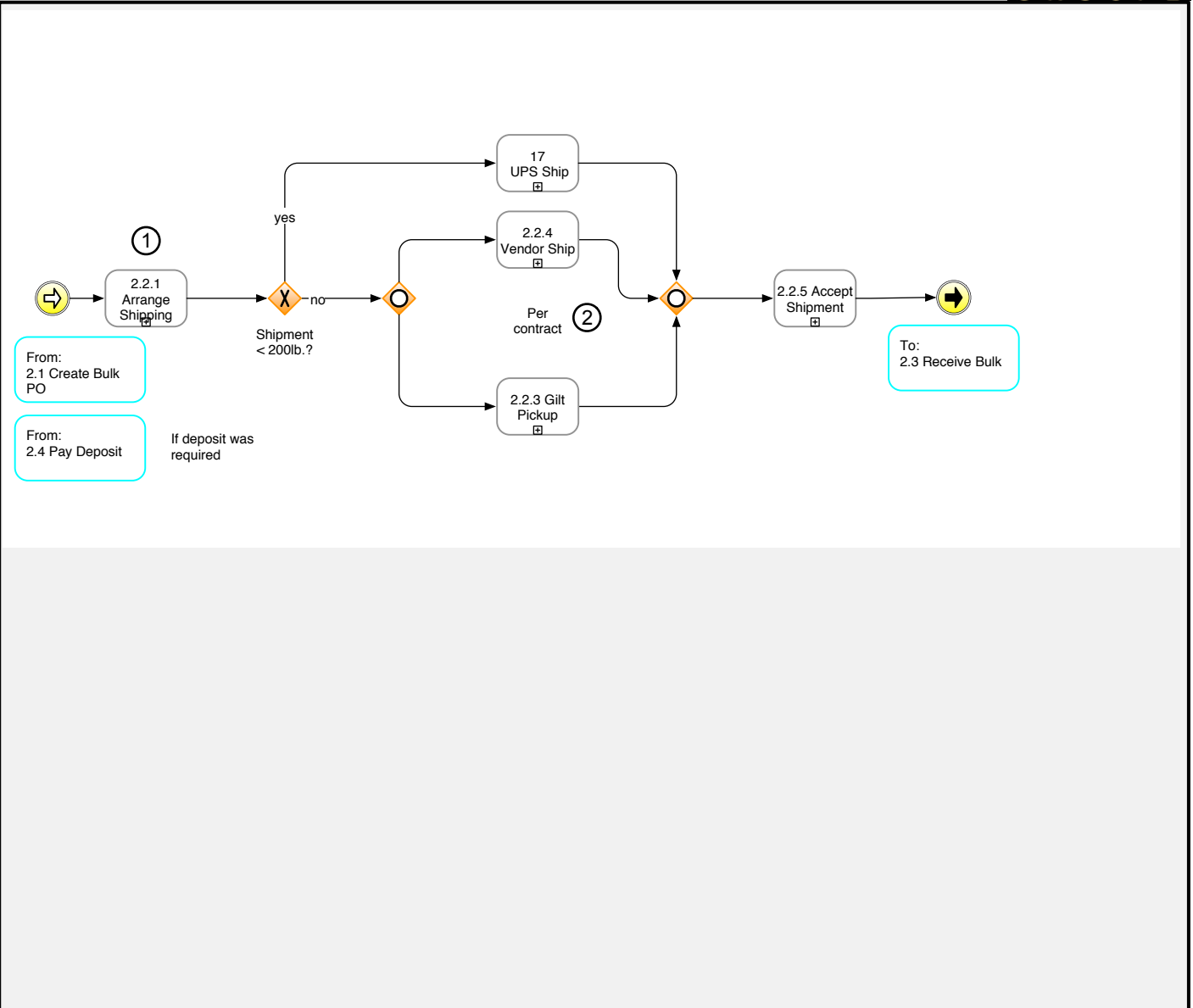


NOTES

- The Buy Sheet is a spreadsheet, sent to Purchasing from Merchandising via email.
- Purchasing uses a standard header in Admin, converts spreadsheet rows to PO rows. This process may reveal errors in the Buy Sheet (either items flagged as repeat items that don't match earlier items, or items NOT flagged as repeat that are dupes of existing items); Purchasing goes to existing product pages in Admin to resolve these errors.
- If the sale contains ORMD items, the Warehouse must also approve it.
- After the PO is approved, "locks" automatically some time before the shipment's Estimated Arrival Date (EAD) or the Sale date, as follows:

SALE TYPE	LOCKS:
Excess/Cutting/Consignment -- Gilt pickup	midnight of the day mdse arrives (as logged by Logistics)
Excess/Cutting/Consignment -- Vendor ships	midnight of the EAD
Sell-First	24 hrs. before EAD
Drop-ship	48 hours before Sale

After a PO is "locked", no SKUs can be added to it (although the expected quantity of a SKU can change, and often does).
- Before a PO locks, Merch may change the PO for any of a variety of reasons. (Purchasing makes the actual change in Admin.) If the change affects the total cost or total quantity by more than 10%, the Buyer's Division Merchandising Manager (DMM) must approve the change.

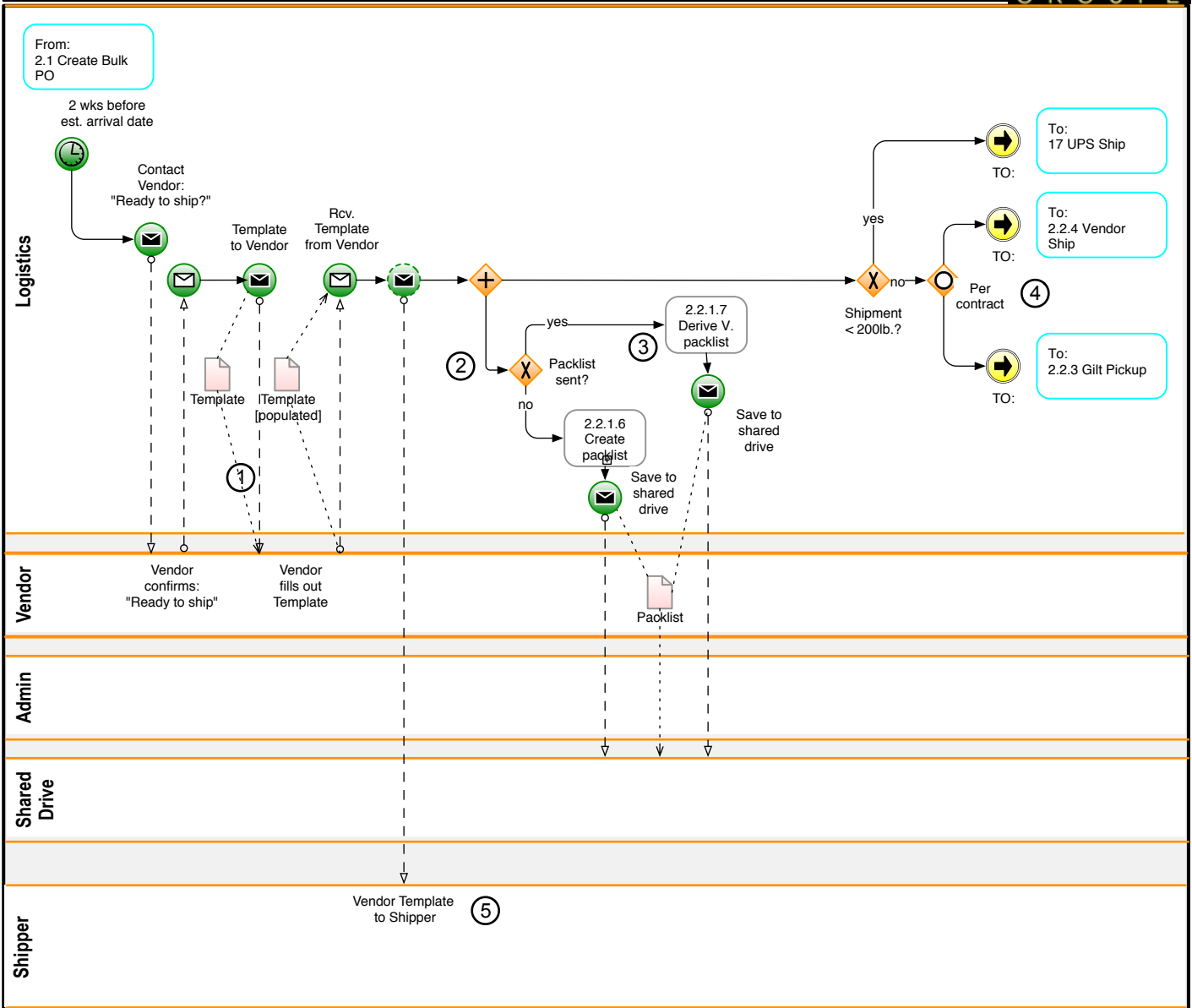


NOTES

1. The merchandise specified in one PO may arrive in one or more shipments.
2. Depending on the contract negotiated by Merchandising, the Vendor may arrange to ship the merchandise to Gilt, or Gilt may arrange to pick up the merchandise.

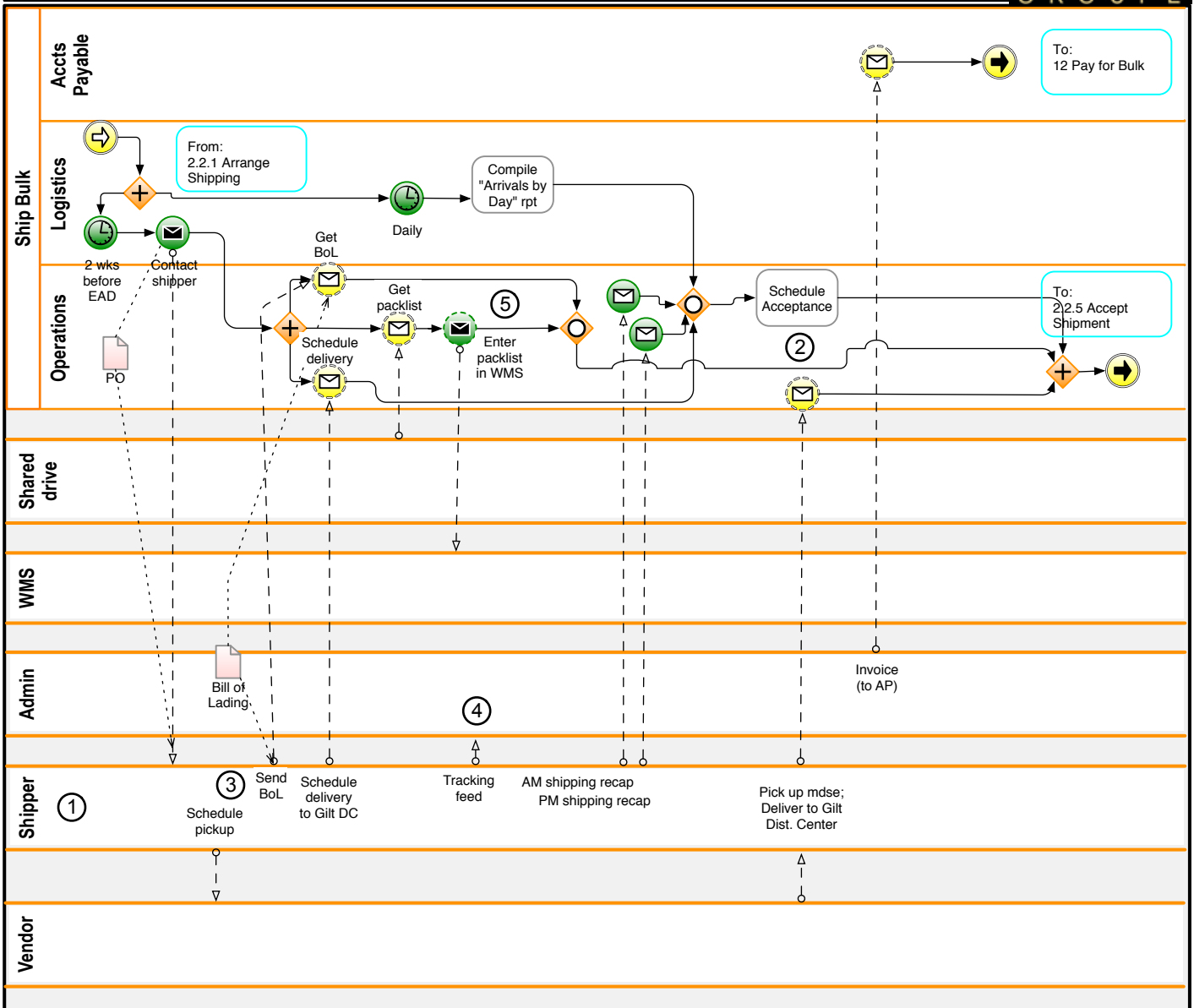
2.2.1 Arrange Shipping

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NOTES

- Contents of Template: Vendor Name and PO# (already filled in)
Ship Date
number of boxes
Product Category
Packlist
- In most cases (70%) the Vendor attaches a packlist of the merchandise being shipped; if one is not available, Operations or Purchasing must create one before the merchandise is Accepted on the shipping dock.
- If the Vendor has supplied the Packlist, it is saved to the Shared Drive (usually as a .pdf file).
- In most cases, Gilt arranges to pick up the Merchandise at the Vendor's location (Gilt prefers this, as it gives us greater control). In other cases, the Vendor handles shipping.
- If Gilt is handling the shipping, Gilt forwards the Vendor's template information (including the shipment's arrival date) to our Shipper (Freightco.)
Timelines for arrival at Distribution Center:
-- If samples do not need to be pulled from bulk, then the bulk shipment needs to arrive 7 business days prior to the sale date.
-- If samples need to be pulled from bulk in Mercedes, then the bulk needs to be in 2 weeks prior to the sale.
-- If samples need to be pulled from bulk in Louisville, then the bulk needs to be in 3 weeks prior to the sale.
-- For Sell-First, the Vendor must ship the merchandise within 48 hours after receiving the PO and Template.

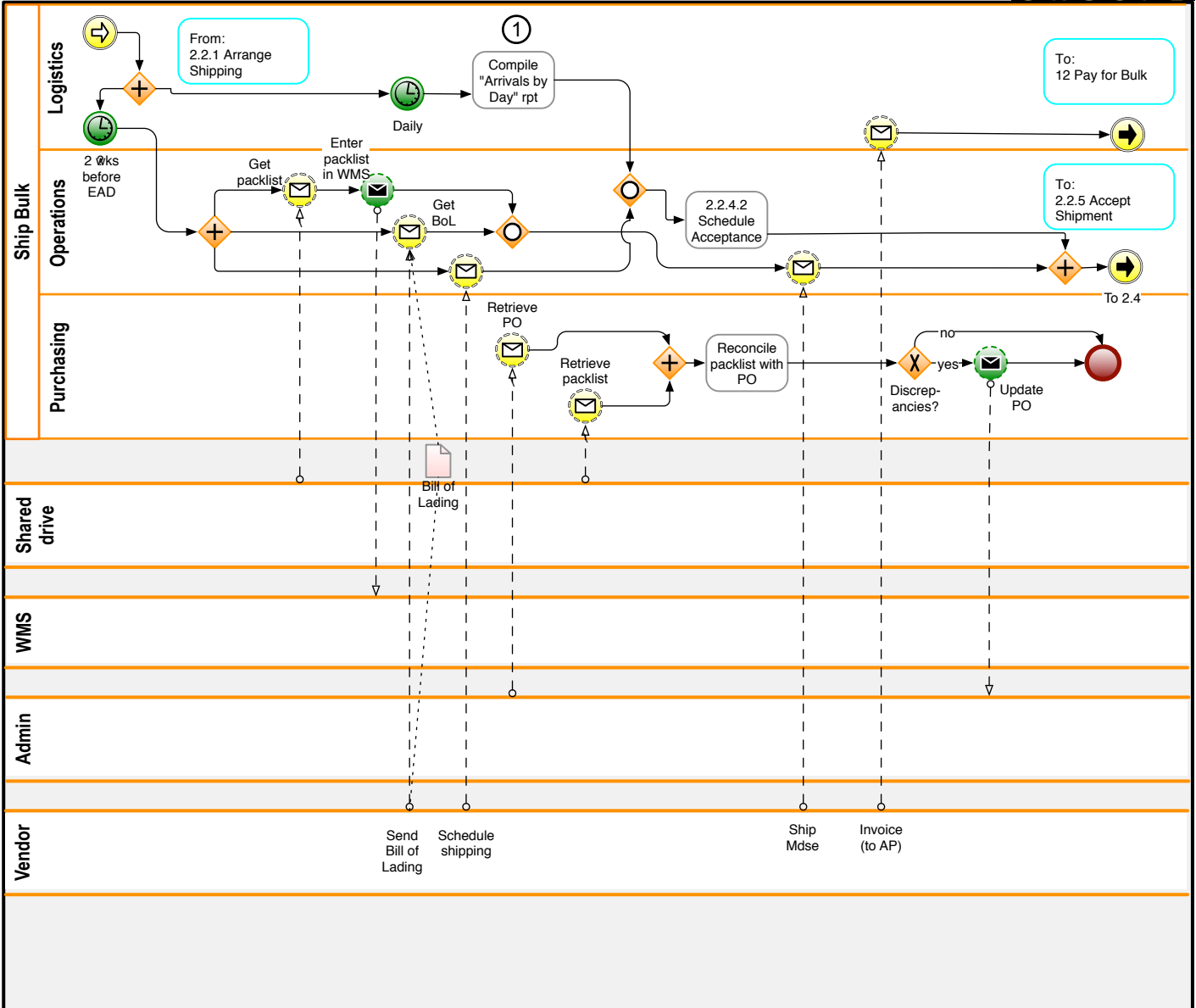


NOTES

1. Gilt works with Freightco.
2. "Acceptance" means bringing the shipment on to the Glt loading dock. It is not the same as "Receiving" (checking the accepted merchandise into the Gilt inventory system).
3. The Shipper derives the Bill of Lading information from Template sent by Gilt (see previous step).
4. Freightco maintains a shipping information feed directly into Admin, showing the progress of each shipment Freightco has arranged for Gilt. In addition, Freightco sends a morning and evening shipping recap to Operations. Operations uses this information to schedule its acceptance and Receiving schedules.
5. Operations creates a packlist in the Warehouse Management System (WMS) based on information in the packlist received from the Vendor or devised by Operations, Merchandising and Logistics. This is done after the PO locks (see #2.1, note 5).

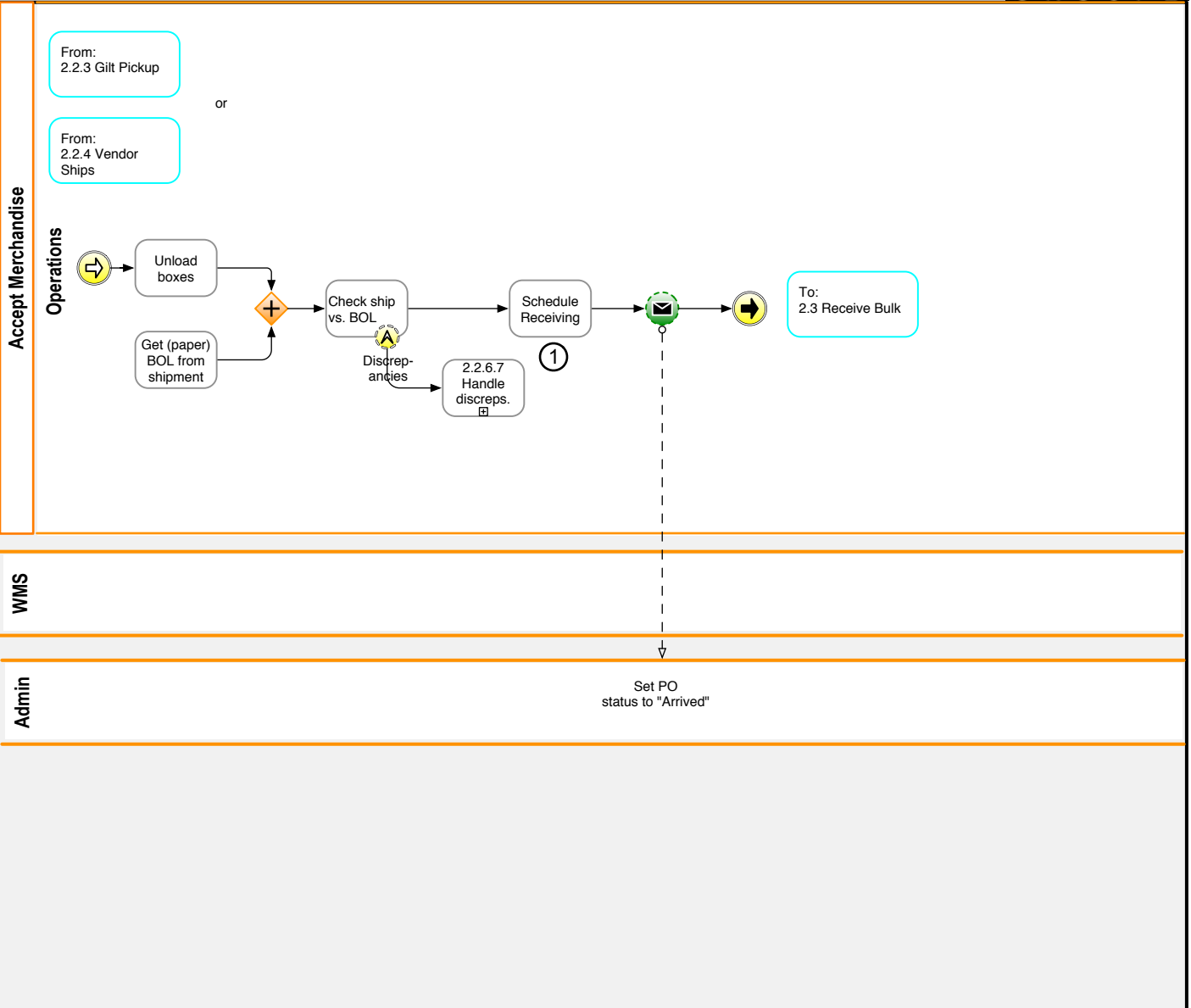
2.2.4 Vendor Ships

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NOTES

1. This Report is an Excel spreadsheet delivered by email.

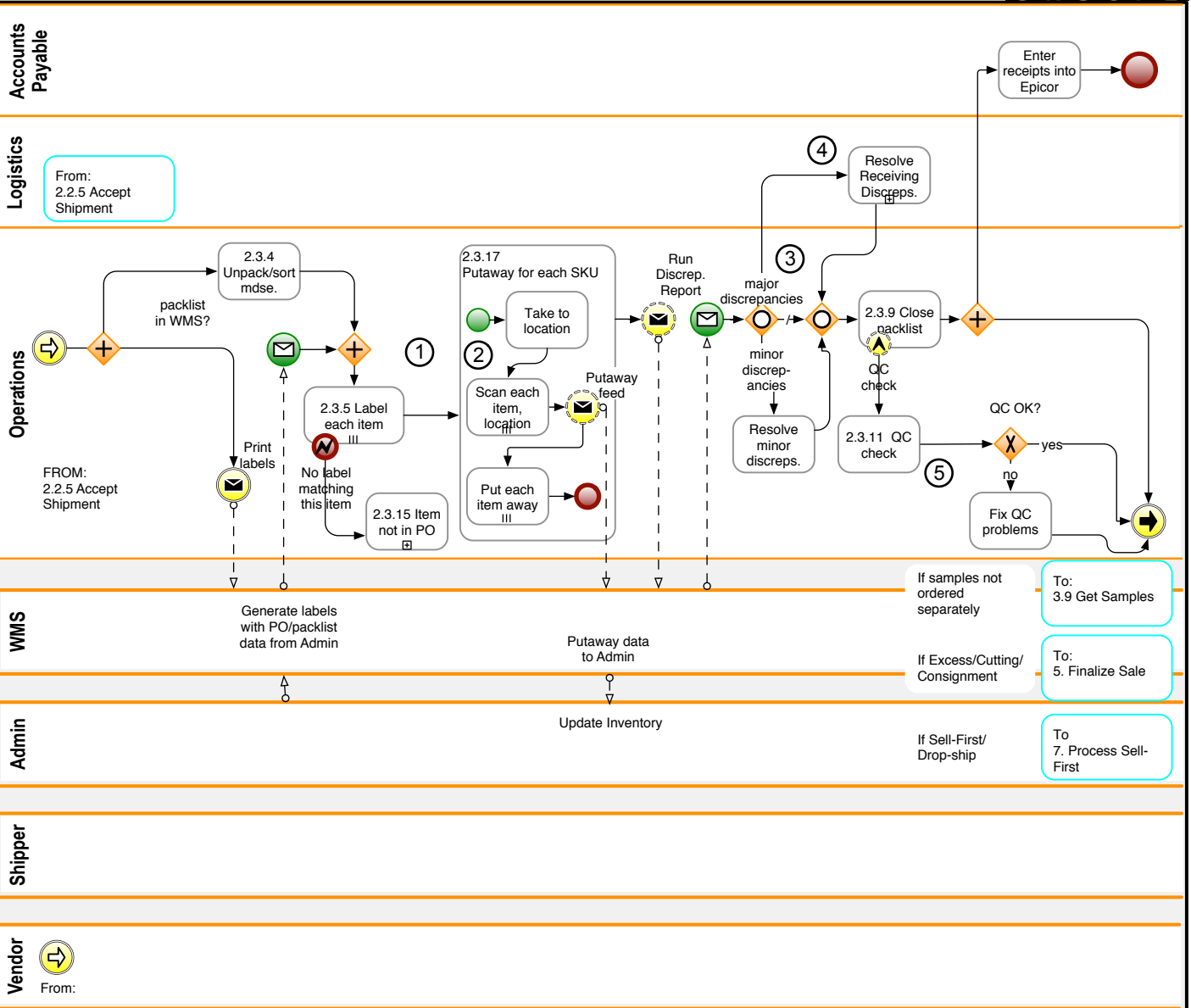


NOTES

- Timelines for arrival at Distribution Center:
 - If samples do not need to be pulled from bulk, then the bulk shipment needs to arrive 7 business days prior to the sale date.
 - If samples need to be pulled from bulk in Mercedes, then the bulk needs to be in 2 weeks prior to the sale.
 - If samples need to be pulled from bulk in Louisville, then the bulk needs to be in 3 weeks prior to the sale.
 - For Sell-First, the Vendor must ship the merchandise within 72 hours after receiving the PO and Template.
- Priorities/SLAs for Receiving:
 - SellFirst: must be Received within 24 hrs of Acceptance
 - Excess/Consignment/Cutting where Samples are drawn from Bulk: 1 week before sale in Brooklyn, 2 weeks before sale in Louisville.

2.3 Receive Bulk

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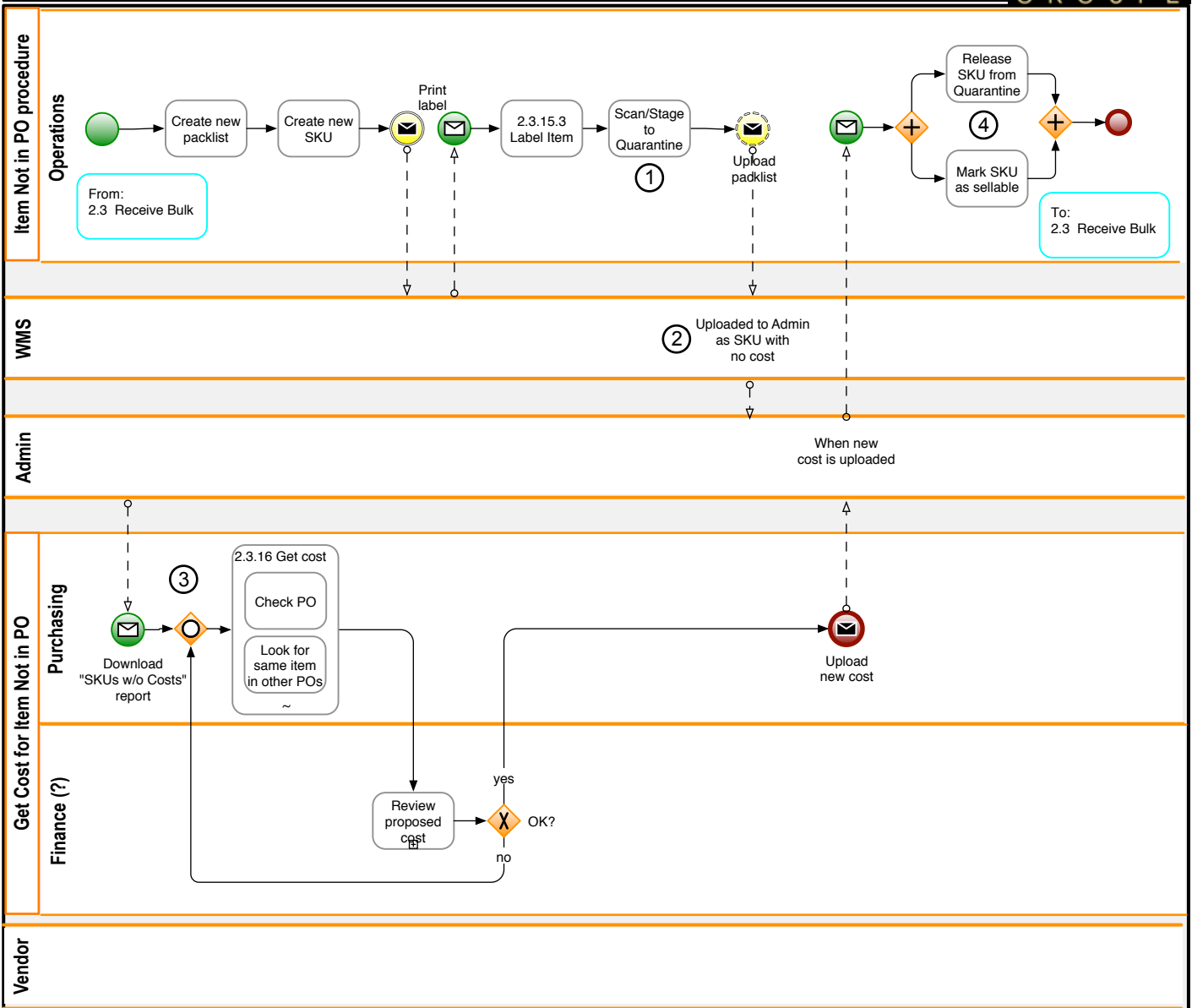


NOTES

- Each item received into the Gilt distribution center must be labeled. The label contains a barcode defined within Gilt's inventory system. Each Unit in the Gilt inventory has a unique barcode; but there are always multiple physical instances of the same Unit. In many cases the items arrive already labeled with the Vendor's barcode, but the Vendor barcodes are not used at this time.
- Distribution Center workers use guns that read barcodes optically. The guns are connected to the Warehouse Management System (WMS), which is separate from Gilt's Admin system. (At present, the Brooklyn Distribution Center uses the Mercedes WMS; Louisville uses the Quite Logistics WMS; Las Vegas uses the ACE WMS.
- The Discrepancy Report is a comparison between the SKUs, units and totals specified in the packlist with the results of the actual merchandise scanning.
Example of a minor discrepancy: a difference between the number of units of a SKU listed on the packlist, and the number actually scanned.
Example of a major discrepancy: no units of a packlist SKU were scanned in.
- At the Kentucky Distribution Center, the Discrepancy Report is run before the items are put away.
- Purchasing can sometimes resolve a major discrepancy by looking through records of earlier shipments from the same Vendor.
- The Quality Control team may decide to check a Received shipment after it is completely Received. The team does two types of check:
-- Product Quality: seams, buttons, color, wear and tear
-- Labeling: making sure items are properly labeled (discrepancies are reported to Merchandising).
At Brooklyn, the QC team is comprised of Gilt employees. In Louisville, the QC team is a subcontractor.
- All merchandise must be Received at least seven business days before the Sale Date.
Sell-First merchandise must be Received within 24 hours after it is Accepted.
- The event that starts the "clock" on a Vendor Invoice for a PO depends on the terms (could be FOB Origin, FOB Destination, etc.)

2.3.15 Item Not In PO

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NOTES

This procedure is followed if Operations finds items in a shipment that are not defined in the Purchase Order. (The labeling process is an early check for this problem: since the labels are ultimately derived from the PO, if the labeler can't find a label for an item, it's an indication that the PO doesn't list the item.)

1. Items in "Quarantine" are held as unsellable in Admin.
2. The Receiving team creates a new packlist and SKU for an unidentified item, so that the item can be scanned in and stored in a known location; but no item cost is assigned. Purchasing must assign a cost to that SKU before those items can be released for sale.
3. Purchasing gets a report from Admin that lists all SKUs in the database that have no costs attached.