

IBP SCAN BASED TRADING (SBT)

Introduction

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IBP SETTLEMENT TEAM

Contact Information and Introduction

Settlement Department Contact Information



Email Contact

lbpsettlement_East@grupobimbo.com

For AL, GR, MI, NL, VA, TH

lbpsettlement_west@grupobimbo.com

For DA, DE, NP, SE, SP, TX

Mainline Phone number

866-492-2242 Ext 5081 or
519-620-5081

Voice messages only: Call
your Settlement Analyst for a
faster response or to
speak directly

BIMBO BAKERIES USA
District: 0001 DISTRIB
ACCT **MI** 1111 IBP SETTLEMENT INC

Week Ending Date: 5/23/20

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TIME: 21:56:07



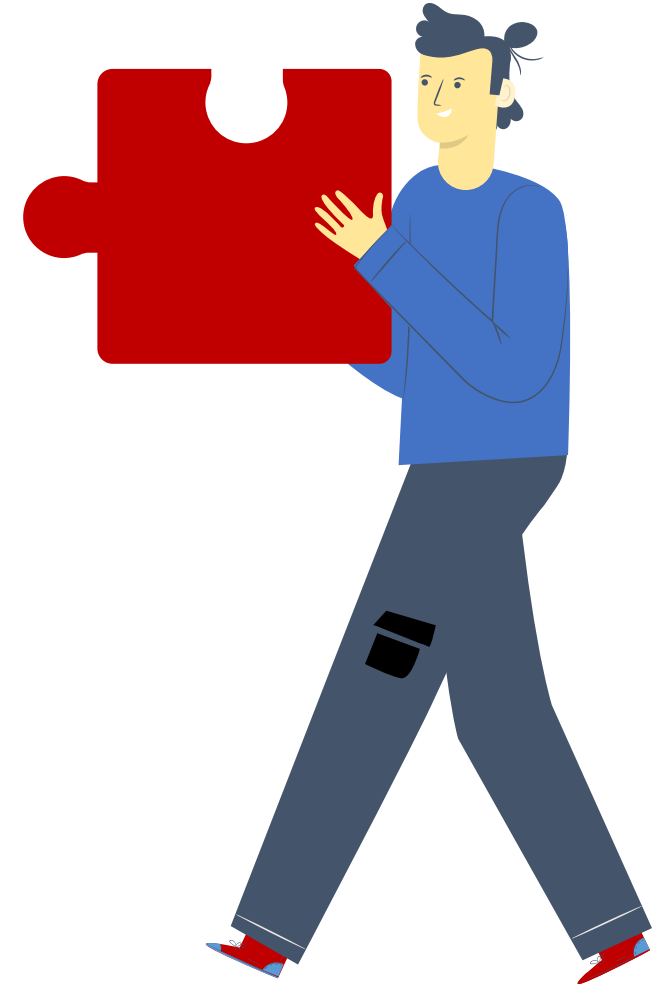
Scan Based Trading Introduction



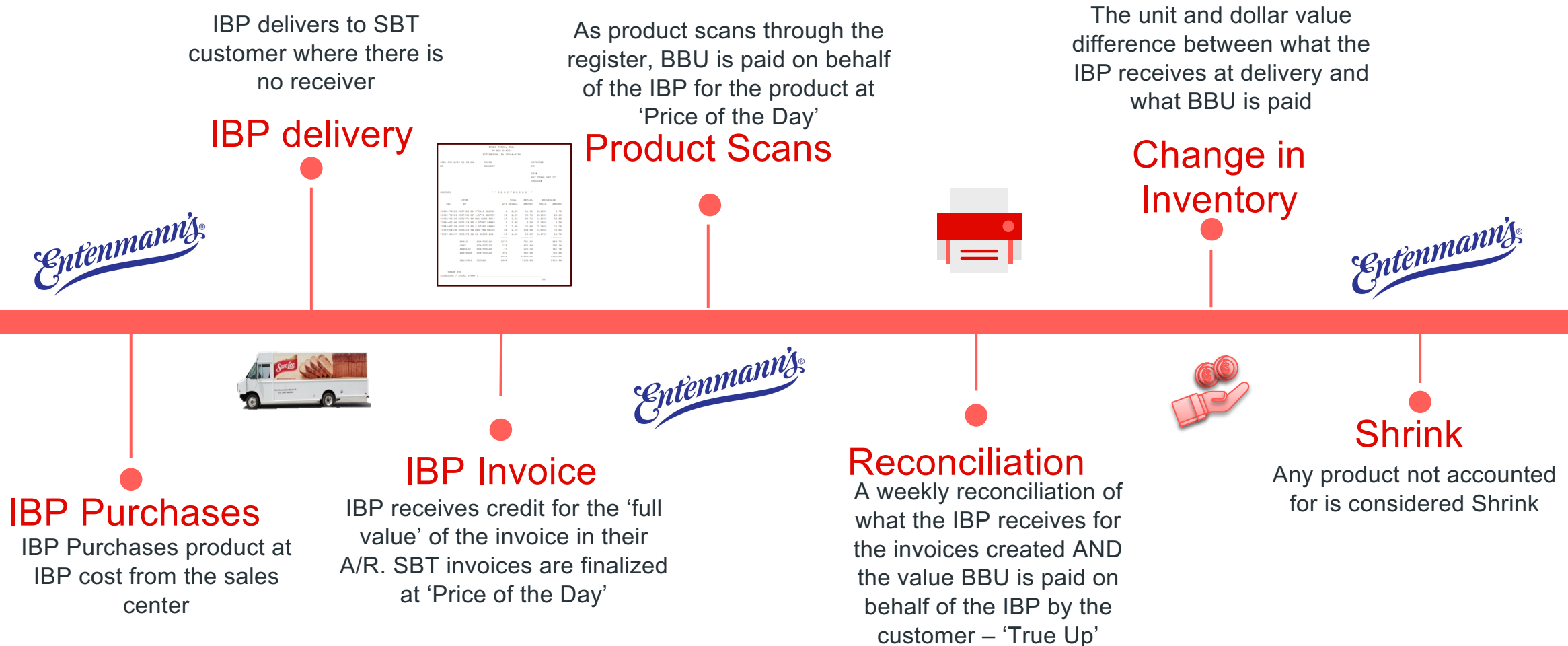
Scan Based Trading (SBT) Introduction

Independent Business Partner SBT Role

- Accurate invoices – deliveries and returns
- Accurate Carryover counts
- Review SBT reports
- Work with IBP Settlement for corrections
- Establish and maintain good relationships with the customers
- Ask for support from the Sales Team if needed



Scan Based Trading – IBP Overview



SBT Weeks

An SBT week runs Monday to Sunday

The weekly reconciliation is based on Net Deliveries and Scan information

Weekly reconciliations are posted in the settlement statement but not charged until the following quarter

Net Deliveries

Deliveries: Monday to Sunday

Scans: Monday to Sunday

Returns: Tuesday to Monday

NET UNITS

DELIVERIES

RETURNS

Total Deliveries – 267

Total Returns/Buybacks – 45

Net Deliveries - 222

M	T	W	TH	F	SA	S	M
94	49	0	46	54	24	0	111
12	28	0	6	2	1	0	8



SBT Quarters

SBT is broken down yearly into 4 – 13-week quarters

Weekly reconciliations are posted but only charged at the end of each quarter

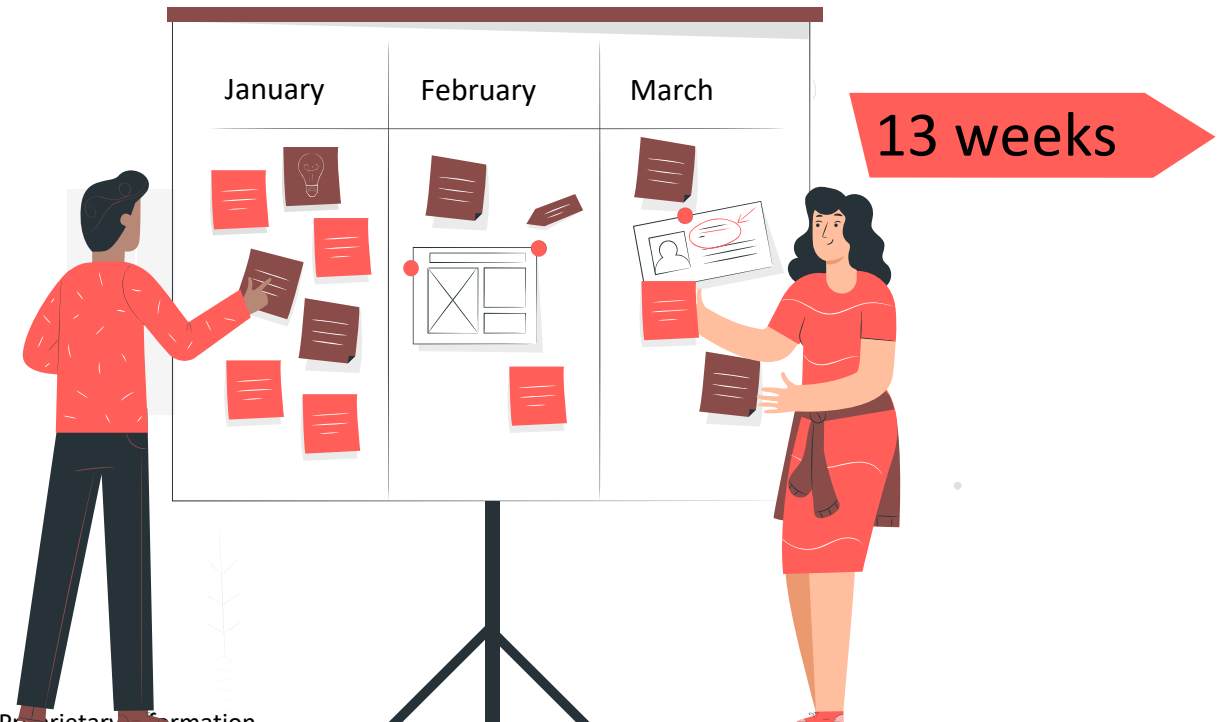
At the end of each quarter calculations for Shrink Share and the Inventory Balance are summed

All SBT charges and credits are subject to audits that may result in delays/adjustments

IBP can end a quarter in a charge or credit balance

Credits are paid two weeks after the end of the quarter in full

Charges are billed five weeks after the end of the quarter in 13 weekly installments



SBT True Up Calculation

Change in Inventory and Promo Adjustment
Shrink Share
Inventory Balance

Change in Inventory and Promo Adjustments



- **Change in Inventory is also called SCN1**
- SCN1 represents the value and quantity change between invoices created by the IBP and scan information paid by the customer



- **Promo adjustment is also called SCN2**
- SCN2 represents the promotional dollar adjustment between promo paid in the invoices created and the promo of the scan information in relation to the price of the product scanned through the store register



Change in Inventory or SCN1

Change in Quantity

IBP delivers a net total of 100 units on invoice(s)
and receives A/R credit

75 units scan through the store register

25 net units are charged through SCN1



Change in Price

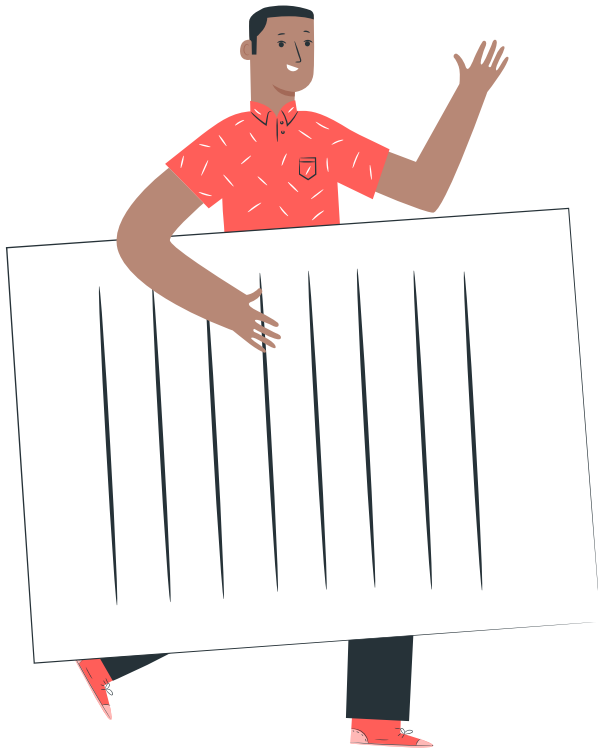
IBP delivers a product at the full price of \$3.79 on
Saturday

The product scans through the store register on
Sunday when price is on promotion for \$2.04

If the IBP would have delivered the product on Sunday
the invoice price would be \$2.04

The change in price is a \$1.75 charge

Promo Adjustment or SCN2



Change in Quantity

IBP delivers 10 items and receives promo allowance of \$0.56 each for a total of \$5.60 promo allowance

8 items scan through the store register

SCN2 charges \$1.12 for the promo allowance of the 2 units that have not scanned

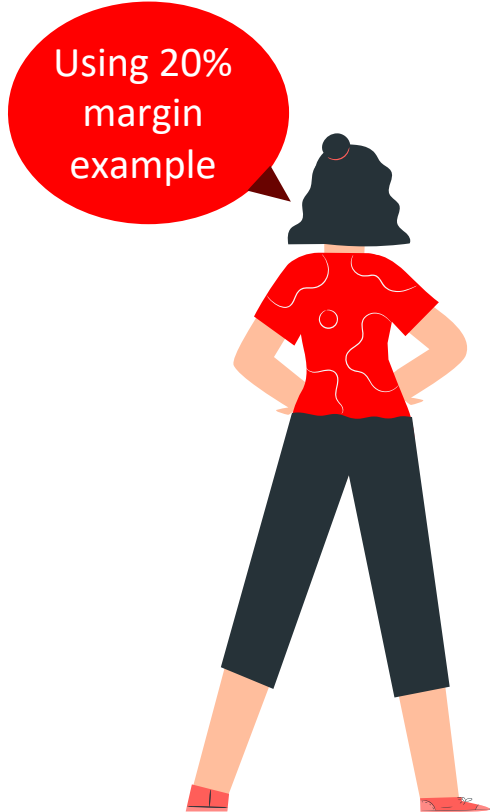
Change in Price

IBP delivers a product at the full price of \$3.79 on Saturday and receives no promo allowance

The product scans through the store register on Sunday when price is on promotion for \$2.04

If the IBP would have delivered the product on Sunday the invoice price would be \$2.04; at this price promo allowance is paid for \$1.40

The \$1.40 is credited to the IBP



	Change in Inventory (Scan 1)	Scan Promo Adjustment (Scan 2)	Net \$ to IO
Sold in at Regular Price	\$3.79	\$0.00	
Scans out at Regular Price	(\$3.79)	\$0.00	
Net Adjustment	\$0.00	\$0.00	\$0.00
Sold in at Regular Price	\$3.79	\$0.00	
Scans out at Promo Price	(\$2.04)	(\$1.40)	
Net Adjustment	\$1.75	(\$1.40)	\$0.35
Sold in at Promo Price	\$2.04	\$1.40	
Scans out at Regular Price	(\$3.79)	\$0.00	
Net Adjustment	(\$1.75)	\$1.40	(\$0.35)
Sold in at Promo Price	\$2.04	\$1.40	
Scans out at Promo Price	(\$2.04)	(\$1.40)	
Net Adjustment	\$0.00	\$0.00	\$0.00

Shrink Share and Inventory Balance

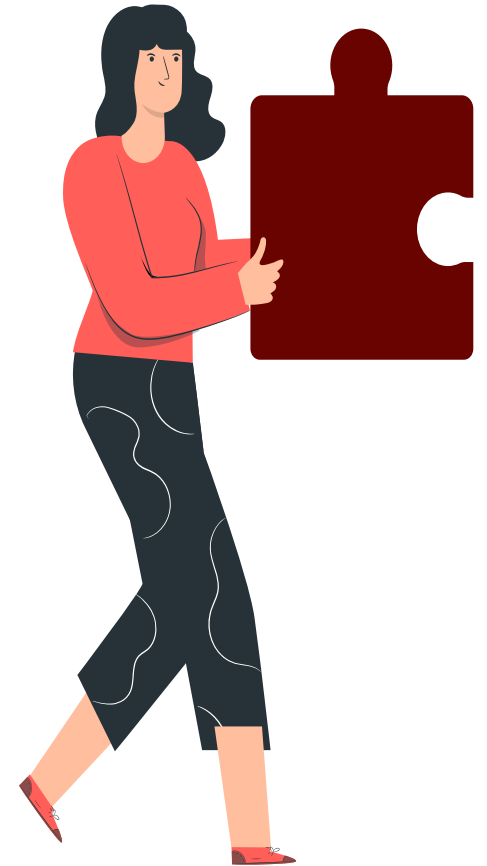
Shrink Share and Inventory Balance adjustment are shown in the Quarterly Scan Adjustment report

Shrink Share – Scan 3

- Shrink Share is calculated once at the very end of the quarter
- Calculations depend on each customer's particular SBT agreement with BBU
- Shrink Share can be a credit or a charge to the IBP

Inventory Balance – Scan 4

- Inventory Balance is a temporary credit and chargeback
- Credits are calculated at the end of each quarter
- Values are calculated based on the price of the day for the carryover count at the end of each quarter
- Chargebacks will automatically post in the following quarter at the same value as the temporary credit given
- The net amount can be a credit or a charge to the IBP



Reasons Contributing to High SBT Charges

Mistakes

Shrink

Promotions

High SBT Charges

Mistakes

Creating invoices

- Any errors on a delivery invoice or a return invoice including not invoicing items
- Delivering unauthorized products

Carryover counts

- Not doing carryover counts, incomplete or overstated counts

Shrink

Damaged product

- Any product thrown away by the store without the IBP's knowledge

Missing Scans

- Customer Appreciation Day, grand openings, deli displays or improper scans at the register,
- Incorrect scan data

Theft

Promotions

Delivery timing

- Reconciliations of prices paid on invoices and prices at the time of the final sale
- Higher deliveries prior to promotion