



Recommended Minimum POS / POT Standards & Definitions

What You Need to Know

() These recommended standards are presented by the NEMRA / NMG Task Force as a guideline for facilitating reporting between distributors and manufacturers and should be considered as “minimum standards.” The information gathered is used, at a minimum, to ensure accurate, timely and complete remuneration of manufacturer sales agents.*

NEMRA encourages all parties to treat any information received and/or transferred in a confidential manner. In no instances is NEMRA advocating for customer-specific information to be shared unless expressly agreed upon by all parties.

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Process

NEMRA initiated action with a goal to promote adoption of POS data reporting standards and to share best practices amongst manufacturer representatives and manufacturers. The goal is streamline, through standardization and normalization, reporting for all parties for non-commodity products.

This process resulted in:

- A definition for “point of purchase” to reflect the reality of POS / POT relations between many distributors and manufacturers.
- Gathered and reviewed almost 20 different reports submitted by distributors to manufacturers and reports manufacturers submit to their manufacturer representatives.
- Recommended POS and POT minimum reporting standards

This report is a recommendation for the minimum POS / POT standards for non-commodity products.

Definitions

Recognizing that the industry is comfortable with much of the terminology and accepts many product and POS-related terms definitions and that distributors typically utilize Microsoft Excel, and in some instances the EDIPro 867, the NEMRA Task Force determined that there was no need to redefine what has already been defined or recommend alternative reporting processes. The only definition, which is offered as an element of clarification, is the definition of “point of sale,” from an industry perspective.

While the Task Force agreed that “point of sale” should be about gathering and sharing information at the end-customer level, but recognizing channel challenges in broadly sharing this information, and recognizing that one of the goals is to streamline processes and ensure manufacturer representatives are equitably compensated, it was agreed that the definition of **“point-of-sale”** would be:

“The sharing amongst channel partners (distributors, manufacturers and manufacturer representatives) of aggregated sales information for local locations.”

The term **“place of purchase”** is suggested as terminology for this definition.

This subtle difference provides that end-user contact information (company name, address) is not required to be transferred between distributors and manufacturers, unless expressly agreed upon by both parties. The definition of “place of purchase” is either the distributor branch location and/or the customer’s zip code.



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NEMRA encourages distributors and manufacturers to be as granular as possible in sharing customer, vertical and/or channel information but recognizes that this decision is the domain of discussions between the manufacturer and the distributor.

The following definitions are recommended for consistency and completeness purposes.

Point-of-Sale (POS)

Information about the **end-customer transaction**; includes shipments directly from the manufacturer to the end-customer (Direct Ships), as well as shipments from a distributor's branch and/or central / regional distribution center (CDC / RDC) to the end-customer.

Point-of-Sale (POS)

Manufacturer	→	End Customer
Distributor CDC/ RDC	→	End Customer
Branch	→	End-Customer

Place-of-Sale

Manufacturer	→	Branch
Manufacturer	→ Distributor CDC/RDC →	Branch

Commodity Product – Electrical material which is commonly placed / inventoried in the same location by a distributor regardless of which supplier they may have purchased the material from so as to make it virtually impossible to determine which supplier's material is sold at any given point in time.

Examples of this may be certain types of wire, pipe, conduit, and other commonly defined materials. Whenever feasible, however, it is desired for distributors to identify which supplier's material is sold to specific customers.

Distributor - Channel to the marketplace that partners with manufacturers to add value to and grow the market for the manufacturer's products. The mode of the sale (via counter, delivery to customer, drop ship, order received via website) is not considered relevant.

EDI 867 Product Transfer and Resale Report - EDI transaction used to: 1) report information about product that has been transferred from one location to another (*inter-branch transfer and/or transfer from a Central / Regional Distribution Center to a branch*); 2) report sales of product to an end customer; and/or 3) report lost orders.

End-Customer - The distributor's customer(s) who "consumes" the product—the end-user; an OEM who uses it as a component in their product; the contractor when a building is under construction / repair / remodel or maintenance; or the building owner after construction is completed.



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Inter-Company Transfers - Transfers of product from one location to another within a company, i.e., between branches or from a CDC / RDC to a branch.

Quantity Purchased - Quantity of each item purchased by the distributor from the manufacturer by item or catalog number.

Quantity Returned - Quantity of each item returned by a) the end-customer (*distributor's customer*) to the distributor or b) by the distributor to the manufacturer by item or catalog number.

Quantity Sold - Quantity of each item sold to the end-customer (*distributor's customer*) by item or catalog number.

UPC Code - Acronym for *Universal Product Code*, a 12-digit number used primarily in North America. Unique for each manufacturer's item, UPCs standardize product information for scanning via bar code.

Recommended POS Standards

The first phase focuses on non-commodity products. Non-commodity products are defined as those products with a specific UPC, a specific part number and are commonly inventoried by distributors in unique inventory locations. The following are the recommended fields for reporting "point of sale" and the reporting order for these fields:

Column	Field
1	Transaction Date
2	Selling Branch #
3	Bill To
4	Bill to Branch Name / City
5	Shipping (Selling) Branch
6	Shipping (Selling) Branch #
7	Shipping (Selling) Branch Name / City
8	Selling Branch Zip Code
9	Customer Zip Code
10	Manufacturer Catalog #
11	UPC Code
12	Manufacturer SKU #
13	Distributor Unit Cost
14	Quantity (# of Units Sold)
15	Unit of Measure
16	Extended Net Price





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It should be noted that there are some fields that may seem obvious or that “the manufacturer or the rep ‘should’ know”, however, it is important to recognize that information does change (i.e. product numbers reassigned, branch codes reassigned, etc.) but more importantly, the information may be reviewed by someone in an administrative role who may not be intimately familiar with specific distributors as well as specifics within a manufacturer. This level of clarity is desired to minimize inaccuracies.

Any additional information to be shared between the distributor and the manufacturer to support appropriate agent compensation or manufacturer marketing analytic requests should go to the right of the standardized reporting columns.

The report header, especially if the report is produced in Excel should include:

- Reporting Month Start Date
- Reporting Month End Date

In either the first two rows or on the first row in separate fields

POS Reporting Column Definitions

- **Selling Branch Zip Code** – For POS reporting, this is:
 - The branch that sold the material to the customer.
- **Customer Zip Code** – This is the zip code of the customer. This can be defined as:
 - For contractors, if material is picked-up / delivered, this is their zip code.
 - When material is “drop shipped,” ideally the zip code is the zip code of where the material is shipped.
 - For industrial end-user, OEM and institutional customers who purchase directly from the distributor, this is the zip code of the end-user facility / where the material will be used.
 - The zip code of a physical address is used rather than a “bill-to” address due to some accounts having invoices billed-to corporate accounts / locations.
 - Zip code of delivery locations for deliveries made directly from a distributors CDC / RDC (central distribution center / regional distribution center) to a “customer” location.
- **Distributor Unit Cost** – this is the cost in the distributor system. The manufacturer is responsible for removing any rebates or additional deducts that may impact agent compensation.
 - It is the manufacturer responsibility, unless otherwise agreed upon by the manufacturer and distributor and so noted, that the manufacturer calculate a Distributor Net Cost upon which to compensate their agent. The rationale for this is that the definition of “net” may vary amongst manufacturers in the areas of sales tax, freight, service fees, etc. and this, theoretically, can change by product / product category.



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- Quantity / # of Units Sold – this field identifies the total number of units sold, based upon the unit of measure, to the customer.
- Unit of Measure – This field identifies manufacturer’s unit of measure as communicated to distribution through either the manufacturer’s catalog, the purchase order or information communicated via the IDW. This could take the form of “each, carton, box, bundle, etc.” and does change by supplier and potentially by product. Typically, standard “unit” information is stored in the distributor ERP system.
- Total Price – This is defined as the distributor net cost multiplied by the quantity (# of units).
- End-user / Purchaser Name and Address – If agreed upon by the distributor and the manufacturer, this information can be included to the right of the standardized columns. There should be separate fields for:
 - End-user / Contractor Customer Name
 - End-user / Contractor Address
 - End-user / Contractor City
 - End-user / Contractor Zip Code

POT Standards

Similar to POS, POT (Point of Transfer) is also addressed in the complete Standards document. Given that most distributors do not use POT, it is not addressed in this overview.

What Distributors Should Do

This report focuses on reporting criteria and the collection format.

POS starts with the distributor as the “keeper of the data.”

To support their reps, distributors who have Central Distribution Centers (CDCs), Regional Distribution Centers (RDCs) or regular ship material across independent representative territories, should:

1. Endorse the NEMRA standards.
2. Determine which suppliers they should provide POS information to
3. Identify any additional information that they need to provide to specific suppliers.
4. Determine which suppliers have endorsed the NEMRA standards and should be able to accept the NEMRA format or advise their manufacturers of the format in which they can deliver POS information.
5. Provide the POS information to their manufacturers monthly.



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NEMRA recommends the following best practices:

- Manufacturers and distributors execute a confidentiality agreement that covers point of sale / point of transfer information and identifies the usages of the information and where and what can be transmitted to third parties.
- All information from distributors should be at a transactional level. This allows for information to be specifically tracked and appropriately compensated as manufacturers may compensate agents by product groups / categories differently and may offer “incentives” during specific periods. Coupled with end-user zip code information, this enables manufacturers to audit ship / debit activity to compensate appropriately.
- NEMRA recommends that manufacturers manage “lot orders” through their direct ship process and compensate accordingly.
- Distributors are encouraged to provide manufacturers with the manufacturer’s part number in the format that the manufacturer provides with the information in their product / price files, hence without any appended pre-fixes. If hyphens / other characters are included in the manufacturer part number and can be accommodated in the distributor ERP system, they should be included. When feasible, a UPC number should be used as a cross reference to facilitate manufacturer research.
- NEMRA recommends that, depending upon the manufacturer, either the UPC account for the bulk unit of measure as a unit of one, or that this be managed on a one-on-one basis between the manufacturer and the distributor as distributors manage this differently based upon their internal systems.
- Manufacturers who desire additional information from a distributor / their distributors should engage directly with their distributors regarding this additional information (i.e., customer level information (name, SIC/NAICS, etc.), customer industry (SIC or some segmentation level), division sold through (i.e., datacom, utility, telco, etc.). This information should be recorded in columns 16 and further. As appropriate, the information should be shared with the manufacturer representative to support sales efforts, however, in accordance with agreed upon guidelines with the distributor.



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Next Steps

While gathering point of sale / point of transfer information is important to manufacturers from an informational viewpoint to support forecasting and marketing efforts, for manufacturer representatives this is a compensation and “fairness” issue.

From a fairness viewpoint all feel that manufacturer representatives should be compensated for their efforts.

Distributors benefit from this as they receive better support from local manufacturer representatives when the representatives know they will be compensated for their efforts on behalf of the distributor and manufacturer.

The goal of the POS / POT Standards is to improve the process and ensure that NEMRA members are compensated and can efficiently administer the process.

If you have questions, contact David Gordon, NEMRA POS / POT Task Force Facilitator and President of Channel Marketing Group, dgordon@channelmkt.com, or Jim Johnson, NEMRA, jjohnson@nemra.org.



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