

Product

Product Types

The products we carry are divided into different categories.



Brown Goods:

Includes televisions, VCRs, boom boxes, microwaves, stereos, computers, cellular phones, furniture and printers.



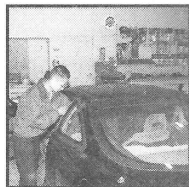
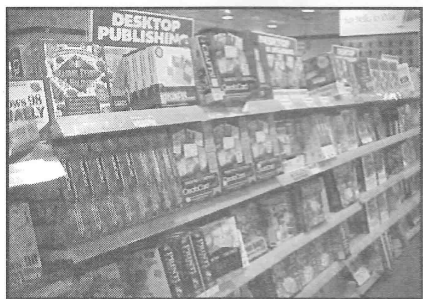
White Goods:

Major appliances such as dishwashers, dryers, ranges and refrigerators are included in this category. Projection TVs and digital TVs are also included in this category because they are shipped to the store from the appliance warehouse.



Media:

- **Music and Movies** - Prerecorded videos, DVDs, compact discs and video games.
- **Computer Software** - Includes software-only products as well as plush characters.



Car Install:

Products such as custom harnesses and antennas that are carried exclusively in the car Installation Bay. (Does not include car stereos, amplifiers and speakers.)

Product Delivery Methods

All product delivered to the store gets there in one of the following ways.

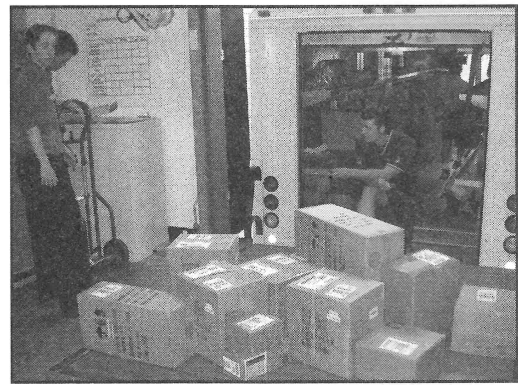
Best Buy Distribution Center (DC) or District Appliance Warehouse (DAW):

- DC shipments contain brown goods and computer software.
- DAW shipments contain white goods, projection TVs, inter-store transfers and serviced items.



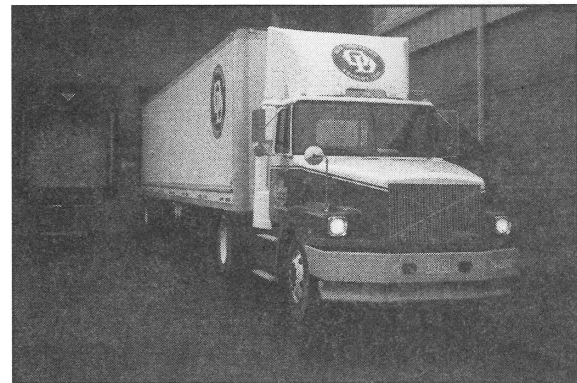
Drop Shipments:

Product shipped directly from a vendor to the store by an outside carrier is called a drop shipment. Most drop shipments are media (music, movies and computer software).



GEO Shuttle:

Delivered twice weekly, these shipments contain some computer software, music, movies, DVDs, car installation parts, PC Tech materials, ad merchandise and signs. Supplies ordered from the bulletin boards are shipped on the GEO Shuttle, as well.

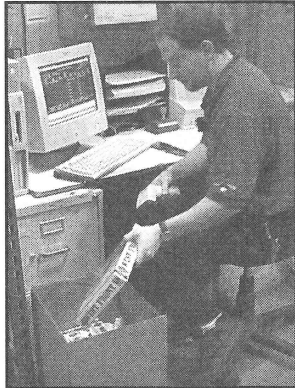


Rush Shipments:

In addition to the regularly-scheduled DC and DAW trucks, stores occasionally receive product from one of these locations at other times. These shipments are called "Rush" shipments and are delivered by independent carriers. They are usually for advertised items that did not make it on the original shipment.

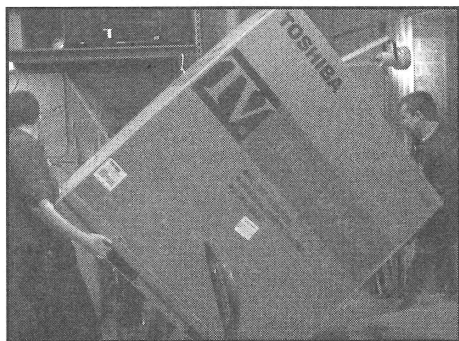
Product Receiving Methods

All product delivered to the store is either detail-received or assume-received. Drop shipments and DAW shipments are detail-received, while DC and GEO shipments are assume-received.



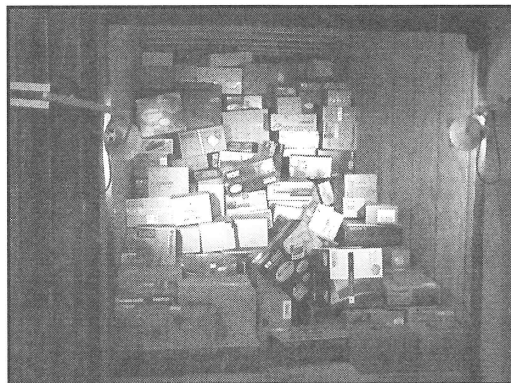
Detail-Receiving Drop Shipments

- Delivered product is verified against the vendor packing slips.
- Overages and shortages are acknowledged at the time of receiving.
- Each item is received into the computer system. Only the items physically delivered are received into the system.
- Exceptions: some drop shipments, such as Recoton, Dart and Valley, are assume-received. Rather than receiving each item into the computer system, one bar code on the outside of the carton is scanned to receive all items within the carton at once.

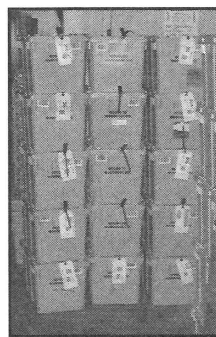


Detail-Receiving DAW Shipments

- Product is checked in against the manifest (a list of the product on the shipment).
- Each carton is received into the computer system.



Assume-Receiving DC and GEO Shipments



- The product is not verified against a manifest or Bill of Lading.
- Rather than receiving each item into the computer system, the store receives the whole shipment at once by acknowledging the shipment on the computer.
- Exceptions: Class 85 (computers and computer monitors) and Class 140 (laptops) items on DC shipments are checked in against the manifest.

Loss or Damage Claims

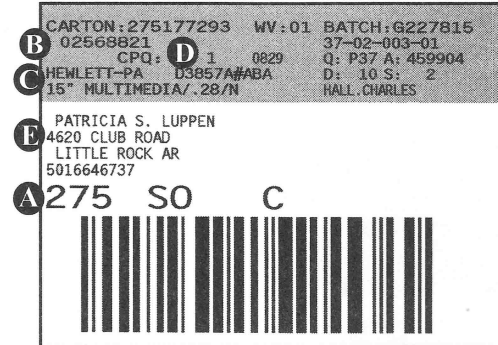
When a shipment arrives at the store and some of the product is missing or damaged, never refuse the shipment. Note the shortage or damage on the Bill of Lading (BOL)/delivery receipt at the time of delivery. The Inventory Supervisor/Team Leader or Manager must complete a Loss or Damage Claim form. The BOL/delivery receipt and the Loss or Damage Claim form must be sent to Corporate Transportation within 48 hours of delivery. Refer to the *Inventory - Level 2* training manual for detailed instructions.

Batch Labels (DC and DAW Shipments)

Most items shipped from a DC or DAW will have a batch label. Batch labels are similar to “ID cards;” they identify what item is in the carton. These labels are very important for product movement, data integrity and inventory accounting.

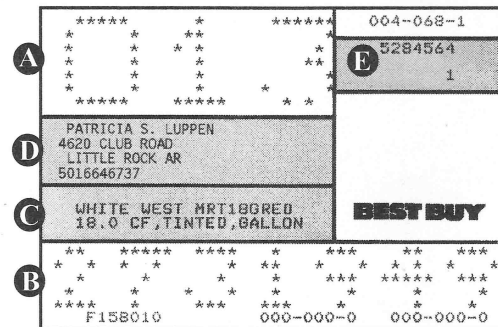
DC Batch Labels (Single-SKU Cartons)

- A. Store Number
- B. SKU: A SKU (Stock Keeping Unit) number is assigned to each product that Best Buy carries. Since we use them to keep track of the thousands of items we stock and sell, accuracy of these numbers is very important.
- C. Product Description
- D. CPQ: Case Pack Quantity. Identifies the total number of sellable units within the carton.
- E. Customer Name and Address: Only appears if the product is a customer order.



DAW Batch Labels

- A. Store Number
- B. SKU
- C. Product Description
- D. Customer Name and Address
- E. Carton Number: Used to receive the carton into the computer.

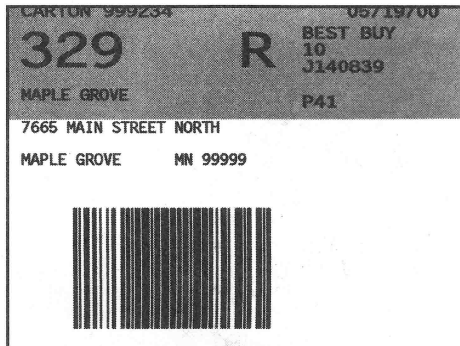


Repack (DC Shipments)

Repack is smaller product that arrives on DC shipments. They are:

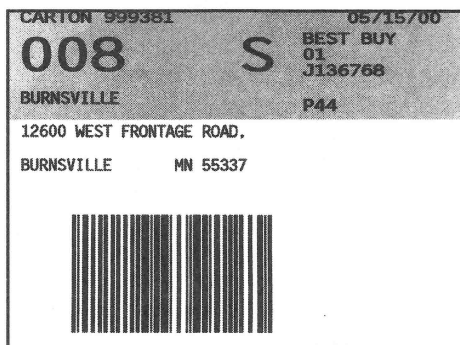
- Small items such as batteries and accessories.
- Items not shipped in their original case pack quantity.

Repack is identified by two different types of batch labels:



Repack:

Has an “R” on the label.



Computer Software:

Has an “S” on the label.

Product Shipping Methods

In addition to receiving product, the Inventory Team also ships product. There are several ways in which product is shipped from the store.

Transfers:

Transfers allow inventory movement from one Best Buy location to another. There are four types of transfers:

1. **Store-to-Store Transfers**
2. **STAR Service Transfers:** Both customer units and store-stock units (e.g., product displays) that cannot be repaired in the store are shipped to the Service Center via the DAW Shuttle. STAR is a database of customer service information used to create service orders and track the service of units.
3. **DEVO:** Some items customers purchase from Best Buy are not serviced under warranty. Instead, they are exchanged for new units. These items are called DEVO (Defective Equipment Void of Operation) and are shipped to the appropriate Product Return Center (PRC), where they are then returned to the vendor for credit. DEVO product can be brown goods, music or computer software.
4. **Sendback:** When the store has too much of a particular product or it is not selling well or it is outdated, Marketing tells the store to ship it to a DC. The DC either returns the product to the manufacturer or redistributes it to other stores who need more of it. The different types of sendback are: brown goods, CPU, entertainment software, overstock computer software, slow-moving computer software and obsolete computer software.

Return to Vendor (RTV):

On a regular basis, the store returns overstock, outdated and/or defective product directly to the vendor. The types of product that are returned are:

- Magazines
- Books
- Disney product (videos)
- Music
- Posters
- Configure to Order (CTO) computers (built to a customer's specifications by the vendor)

With the exception of CTO computers, vendor detailers visit the store and give authorization to return select products. When a customer returns a CTO computer to the store, the store always returns it to the vendor.

Inventory Integrity



Perpetual Inventory

Perpetual inventory is what the computer system records as the store's inventory.

The store's perpetual inventory is displayed on the STD (store detail) screen.



Physical Inventory

Physical inventory is what is physically in the store.

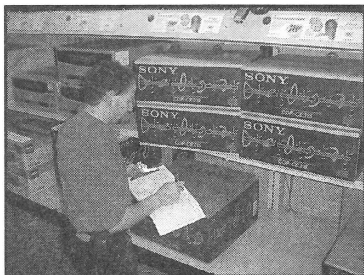
E3

E3 is a computer program that determines what product is replenished based on perpetual inventory levels. When perpetual inventory levels are low, E3 notifies the DC or DAW to ship product to the store. For example, if the store should have 5 of product X, and the store's perpetual inventory is 3 (regardless of what the physical inventory is), E3 will ship 2 of product X to the store.

When perpetual inventory is accurate, the correct amount of product is shipped to the stores. When perpetual inventory is inaccurate, E3 does not replenish product as needed. As a result, stores do not have the correct amount of product to sell. Too much product results in unnecessary price reductions. Not enough product results in lost sales. Therefore, inventory integrity is critical to a store's success.

Inventory Integrity

Inventory integrity is maintaining the accuracy of inventory. It is the store's role to ensure perpetual inventory levels match physical inventory by receiving and shipping product accurately, performing cycle counts as required, researching inaccuracies and correcting them. At least once per year, each store counts all product to correct any variances between perpetual and physical inventory.



Cycle Counts

Cycle counts allow the store to identify adjustments that need to be made in the computer system so that perpetual inventory matches physical inventory.

Cycle counts occur on a weekly basis. On certain days, SKUs in a particular department are counted by a department team member. If there is a variance between what was counted and the total in the computer (perpetual inventory), the Inventory Manager researches the variance and completes a count correction as needed.

Count Corrections

Count corrections change the store's perpetual inventory so that it matches the physical inventory. Only the General Manager and the Inventory Manager have authorization to perform count corrections.

Count corrections are performed for:

- Mis-Labels: When the product description on the batch label does not match the product in the carton (DC shipments).
- Mis-Sorts: When product from the DC is shipped to the wrong store.
- Store Use Items: When product is used for store supplies, displays, donations, employee prizes, promos and junk out (product that must be disposed of and cannot be returned to a PRC).
- Type "C" Adjustments: For known theft and known variances between perpetual and physical inventory.
- Merchandise Withdrawals: When a support center (e.g., Corporate Office, District/Regional Office, Service Center) needs product from the store.

Cycle Physical Inventory (CPI)

Cycle Physical Inventory (CPI) is the process by which all product in the store is physically counted. The physical counts are compared to the perpetual inventory, and adjustments are made so that the perpetual inventory matches the store's physical inventory.



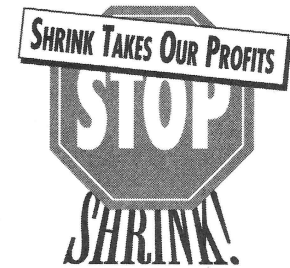
Each store conducts CPI at least once per year, about every eight to 10 months. The frequency for your store depends on your sales volume and your previous CPI results. CPI always takes place on a Sunday night after the store closes.

Shrink

Shrink is the loss of product or profit. The most common kinds of shrink are:

- Paperwork errors
- Theft (internal and external)
- Mis-priced product
- Misplaced or "hidden" product

As inventory personnel, the easiest way to control shrink is to reduce paperwork errors and maintain a clean, organized warehouse.



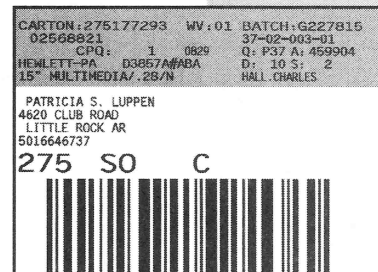
Check Your Understanding

Product

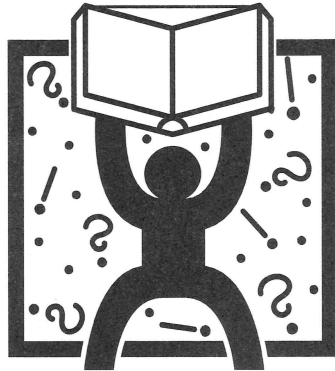
Check your understanding of the section you just read. The questions and answers are taken directly from the material. There is only one right answer per question. The Answer Key is located in the back of this manual.

- What is the correct category for each of the following products? Fill in the blanks, using:

A. Brown Goods	B. White Goods
C. Media	D. Car Install
___ TVs	___ Computers
___ Dishwashers	___ Computer Software
___ Car Antennas	___ Car Speakers
___ Microwaves	___ Furniture
___ CDs	___ Interactive Plush Toys
___ Dryers	___ Prerecorded Videos
___ Car Stereos	___ Refrigerators
___ DVDs	___ Cellular Phones
___ Stereos	___ Projection TVs
___ Custom Car Harnesses	
- Which of the following is *not* true about repack?
 - Repack is small product from a DC.
 - Repack is not shipped in original case pack quantity.
 - Computer software repack batch labels have a "C."
 - There are two types of repack batch labels.
- What does DC stand for?
 - Delivery Center
 - Drop shipment Corporation
 - Distribution Center
 - District Corporation
- What is included on DC shipments?
 - White Goods
 - Brown Goods
 - Serviced Units
 - Music
- What does DAW stand for?
 - District Appliance Warehouse
 - Damaged Appliance Warehouse
 - Distribution Appliance Warehouse
 - Delivery And Warehouse
- What is *not* included on DAW shipments?
 - White Goods
 - Computer Software
 - Serviced Units
 - Store-to-Store Transfers
- What is included on the GEO Shuttle?
 - Music and Movies
 - Car Install Parts
 - Computer Software
 - All of the above
- A Drop Shipment is product shipped from a _____ to the store.
 - Vendor
 - DAW
 - Store
 - DC
- Which is *not* true about inventory integrity?
 - Product replenishment is based on perpetual inventory levels.
 - Cycle counts are done once per month.
 - The Inventory Manager or General Manager can perform count corrections to change the store's perpetual inventory.
 - CPI is the process by which all product in the store is physically counted.
- Locate each of the following items on the batch label below.
 - SKU
 - Case Pack Quantity
 - Product Description
 - Store Number



Skill Practice



Product

Pair up with the Inventory Manager or Supervisor/Team Leader and do the following:

1. Write your store's truck schedule below.

DC	_____	_____	_____
DAW	_____	_____	_____
GEO Shuttle	_____	_____	_____

2. Tour the store. The Manager or Supervisor/Team Leader should point to different types of products. For each item he/she points to, review the type of product it is (Brown Goods, White Goods, Media or Car Install) and how it is delivered (DC, DAW, GEO or Drop Shipment).
3. Shadow the Inventory Supervisor/Team Leader or Senior as each of the following shipments are received: DC, DAW, GEO, Drop Shipment. Watch to see what type of product arrives on each and how it is received (detail or assume).
4. Locate several different non-repack batch labels. With the Inventory Manager or Supervisor/Team Leader, identify each of the following parts on every batch label:

A. SKU	C. Product Description
B. Case Pack Quantity	D. Store Number
5. Locate a repack batch label. Compare it to a regular batch label.
6. Shadow the Inventory Supervisor/Team Leader or Senior as each of the following are shipped: Store Transfer, STAR Service Transfer, DEVO, Sendback and RTV.
7. Discuss inventory integrity with the Inventory Manager. Be sure to talk about product replenishment, cycle counts, count corrections, CPI and shrink. When is your store's next CPI? _____