

To: All Suppliers and Brokers

RE: Customer Generated Purchase Orders (CGPO)

From: Neil Graff

The Alabama ABC is currently testing a new process for special orders that will allow the product to be shipped directly to a wholesale store. The goal is to reduce the time needed to fill an order and to reduce the opportunity for an item to get lost or damaged in our current distribution system. If executed properly, this new process should allow for items to be delivered in a fashion that will allow for size extensions in the independent market, menu placements, well brands, distribution packs, one off distribution drives, etc. This new process is will be known as Customers Generated Purchase Orders or CGPO for short.

Here is how it will work:

The vendor of record for an item will ask to have the product available to sale in the CGPO process. Quotes will be offered and 30K codes (I.E. A300001) will be issued. Please use the current pricing formula to determine price. Only full case quantity quotes will be accepted. However, the definition of a case will be decided by the Vendor of Record. Items that are currently wholesale items can be offered for the CGPO process and will retain their current AL ABC product code. To qualify, the product must be readily available and offered to ship within five business days. No inventory will be sent to the ABC warehouse in Montgomery. Local reps will sell this item to independents. The parent company that the salesperson works for will submit a purchase order request to the ABC through either a pre-generated Excel platform or a standard web-based exchange format. The order must be submitted on the ABC generated submission form. These will automatically alert our special-order department that a request is pending and an approval is necessary. Once reviewed, the purchased can be approved or denied. If approved, the purchase order will go back to the vendor of record. A label must be affixed that meets the ABC requirements for information including but not limited to: The name of the Licensee, The Licensees address, a contact persona and a phone number, the approved PO Number, the store number that the product should be shipped to. The vendor of record will then ship or arrange for the shipping of the product directly to the store from which the license will pick up the order. Upon arrival, the store will check in the order. At this point the PO is closed, so if only a portion of the order arrives, the remaining product will have to secure a NEW PURCHASE ORDER to be accepted at the store. The vendor of record should contact the licensee in a method of their choosing to let them know that the product has arrived at the desired ABC store. The ABC store will also call the licensee to let them know the order has arrived. The licensee will have no longer than five business days to pick up the ordered product. After that point the ABC will release this product into the general population at the store and will offer the product on a first come first serve basis. If this happens, the Vendor of record and the licensee will be flagged for refusal of future approvals on CGPO requests until the product is sold through.

I am referring to the entity arranging for or actually shipping the product as the vendor of record. No matter who makes or ships the brand, the vendor of record is the entity that will be paid for the product by the ABC. The Vendor of Record is responsible for payment to the supplier. The Vendor of Record will

be the only entity that can place a CGPO for an item that they have listed. The Vendor of Record can be a supplier, a broker, or an additional third party that has a license to sell alcohol in AL. The Vendor of Record for CGPO products may not necessarily be the broker that represents the other brands for a supplier.

As we do not plan to carry any inventory on CGPO items, we are open to a much broader range of product being available. If you are interested in becoming a CGPO vendor of record, please contact Brian Guilbeau, Neil Graff or Catherine Sistrunk. Quotes must be submitted 90 days in advance for items that are to be sold as CGPO items. Our IT team must work with you to set you up as a CGPO Vendor of Record. They will arrange for you to select a method of submission. Below is a sample of the label that must be attached:

Shipping Label Example – Should be affixed to each Case

Deliver to AL ABC Store #:	236	Street Address:	123 Main Street
City:	Birmingham	State:	AL
		Zip:	12345
AL ABC Purchase Order Number:	PO1234567	QTY:	1 of 2
Vendor Of Record:	LibDib	Contact Info:	Libdib@gmail.com
Product Name:	Two James Gin, Two James American Whiskey		
Size:	750 ML	Pack:	12 bottles
		ABC Item Code:	A200716
Ordering Account Name:	Lanells' Package Store	Contact:	Lanell
Phone Number:	205-123-1234	AL ABC License Number:	P1234567

I foresee three scenarios:

- 1) A supplier applies for Vendor of Record status on their own products and ships directly from their place of manufacture directly to one of the ABC Wholesale stores. (In state and Out of State)
- 2) A supplier works with a clearing house that applies for Vendor of Record status on the brand produced by many suppliers. The clearing house creates and does the paperwork necessary on the CGPO orders but arranges for the supplier to ship directly to an ABC wholesale store.
- 3) A local broker opens a bonded warehouse where is houses a supplier's products. The broker applies for Vendor of Record status and sells the products as CGPO orders to independent licensees. The broker does the necessary paperwork and ships the product to the ABC wholesale warehouses.

The ABC plans to adjust fees to include: 1) No \$.72 Bailment fee will be added to invoicing. 2) The \$1 delivery fee (included in the current pricing formula) will be refunded at the close of bailment.