

Supplier Quality Excellence Program (SQEP)

SQEP Introduction

To serve customers right the first time, Walmart US Supply Chain (omni-channel) has launched the Supplier Quality Excellence Program (SQEP). SQEP will obtain best-in-class status through defect elimination, value-added services, and a zero-based mindset. The purpose of this program is to evaluate, measure, and monitor Suppliers' inbound quality in order to:

- Exceed customer satisfaction.
- Improve end-to-end accuracy and visibility.
- Drive continuous improvement towards perfection.
- Implement First Time Quality (FTQ).
- Reduce operational costs.

SQEP will be applicable to all Walmart U.S. distribution networks, including eCommerce Fulfillment Centers. SQEP is going to establish end-to-end quality by pursuing Supplier compliance.

Excellence will be achieved in the receiving process by focusing on the four rights:

- Right Item
- Right Condition
- Right Invoice
- Right Time

Through SQEP, Suppliers will be **required** to strictly comply to Walmart Standards and drive continual improvement against identified opportunities. The Suppliers may be **required** to offset any additional costs against non-compliance to Walmart U.S. Supply Chain Standards for Inbound Receiving (a.k.a. Packaging Guidelines).

Important Dates

Supplier Quality Excellence Program will be rolling out as per below schedule:

PHASE 1b	PO Accuracy	Q1 - FY22
PHASE 1c	ASN	Q2 - FY22
PHASE 2	Barcodes and Labeling	Q3 - FY22
PHASE 3	Pallet, Load, Packaging Quality, and Prep (eCom)	Q4 - FY22
PHASE 4	Scheduling and Transportation	TBD

NOTE - Details on additional phases will be published in future standards updates. For more information, visit https://wmgs-support.custhelp.com/app/retail_link.

Phase 2 barcode and labeling must comply with all barcode and labeling standards contained within this set of standards.

Walmart U.S. Supply Chain Standards for Inbound Receiving

PHASE 1 - PO Accuracy

Defect Description	Defect Definition
Overage	PO line shipped exceeds quantity ordered.
Canceled PO	Supplier ships against a PO after it has been canceled.
Canceled Line	Supplier ships against a line item after it has been canceled.
Item Not on PO	Item shipped does not match item on PO.
Wrong Pack	Vendor pack quantity shipped does not match vendor pack quantity on PO.
Recall/Withdrawal	Item has been recalled, removed, etc.
Date Issue	Item violates the outlined date requirements.
Not Walmart Freight	Supplier shipped non-Walmart freight.
No ASN Label	DSDC Only - No ASN (SSCC) label on case.
ASN Not Downloaded	ASN failed to download.
Rework	Item is relabeled, poly bagged, boxed, taped, or other rework incurred at the DC.
Allocation issue	Sort vs. non-sort or assigned to incorrect Store.
Imagery	Dotcom only - Incorrect or incomplete item depiction on portal.
Item Setup	Missing, incomplete, or inaccurate setup information that prevents timely receipt.
Parent-Child	Child UPC not linked or incorrectly linked to Parent UPC.

Supplier Quality Excellence Program (SQEP), cont...

Phase 2 - Barcode and Labeling

Suppliers must comply with all published barcode and labeling standards within this document. The defect descriptions and definitions below provide general guidance on how defects are calculated, and these defects will be measured against the standards published within this document.

Phase	Defect Description	Defect Definition
2	Barcode Compliance	Wrong format, incorrect quantity, incorrect barcode, or other barcode defects
2	Label Compliance	Incorrect quantity, missing/incorrect description, item #, or supplier stock #, or other labeling defects
2	Hazmat Compliance	Hazmat label missing/covered

Phase 3 - Packaging, Pallet Compliance, and Load Quality

Suppliers must comply with all published Packaging, Pallet, and Load Quality standards within this document. The defect descriptions and definitions below provide general guidance on how defects are calculated, and these defects will be measured against the standards published within this document.

Phase	Defect Description	Defect Definition
3	Packaging Compliance	Weak packaging/glue/tape, poor perforations, missing tray/lid, loose wrap, undersized/oversized case, selling units not secured, or other packaging defects
3	Pallet Labeling	Missing shipping label or other pallet labeling defects
3	Pallet Securement	Poor securement, bagged item, missing tray, or other pallet securement defects
3	Pallet Build	Pallet overhang, excessive height, or other pallet build defects
3	Pallet Quality	Non-compliant with Grade A standards, non-compliant size, or other pallet quality defects
3	Load Stability	Shifted, unstable, not palletized, or other load stability defects
3	Load Segregation	Segregation by PO type PO, item or other load segregation defects

SQEP Supporting Standards

FixIt Defect	FixIt Sub-Defect	Description	Supporting Standard Location
Barcode Compliance	Wrong Format	Inspection and Automation: Barcodes are present on the case, but there are no barcodes with the required format.	General Merchandise: Page 221-223
	Barcode Not On Two Sides (Incorrect Quantity)	Inspection and Automation: Barcode is only on one side of the case.	Produce: Page 319-320
	No Barcode Found (Missing Barcode)	Inspection: No barcodes present on the case. Automation: No barcodes are present on the case. The sub defect will not reflect "Missing." The case will fail Wrong Format and Incorrect Barcode.	Meat/Seafood/Poultry: Page 316-318 Eggs: Page 314-315
	VNPK GTIN Does Not Match Item Setup (Incorrect Barcode)	Inspection: Barcodes are present, but none match OLIF or Item 360. Automation: The correct format for the item configuration does not match OLIF or Item 360. If Wrong Format is identified, Incorrect Barcode will also be identified.	DSDC: Page 280-287 Direct Import: Page 297-304
General Case Marking Compliance (Label Compliance)	Carton Marking Not On Two Sides (Incorrect Quantity)	Carton markings are only on one side.	General Merchandise: Page 221-223 Produce: Page 319-320
	Item Description Not Found (Missing Description)	No item description printed on the case.	Meat/Seafood/Poultry: Page 316-318 Eggs: Page 314-315 DSDC: Page 280-287
	Missing Required Product Date (Missing Sell By Date)	No product date printed on the case.	Direct Import: Page 297-304
	Incorrect STOP Label (Incorrect MasterPack Labeling)	STOP label does not include verbiage "Mixed Merchandise Receive as Breakpack" verbiage. Case markings list item specific information including Item Number, Description, Supplier Stock Number or Barcode other than Postal Code. Shipping Label does not list Master Pack as the WM Item Number.	eCommerce: Page 212
	Missing STOP Label (Missing MasterPack Labeling)	All STOP labels are missing from the case.	

■ **NOTE - Defect and Sub-Defect names have been updated. The original name is shown as (x) within the above chart.**

SQEP Supporting Standards, cont...

FixIt Defect	FixIt Sub-Defect	Description	Supporting Standard Location
HAZMAT Compliance	Hazmat Marking Missing	Case is not marked with the required Hazmat Marking.	General Merchandise: Page 224-225 Direct Import: Page 297-304
	Hazmat Marking Covered	Required Hazmat Markings are covered.	
	Lithium-Ion Marking Missing	Case is not marked with the required Lithium-Ion Marking.	
	Lithium-Ion Marking Covered	Required Lithium-Ion Markings are covered.	
	Limited Quantity Marking Missing	Case is not marked with the required Limited Quantity Marking.	
	Limited Quantity Marking Covered	Required Limited Quantity Markings are covered.	
Packaging Compliance	Missing Bottom Tray or Lid	Case or pallet pull not contained with a lid/cover and/or missing the required bottom tray.	Shrink Wrap: Page 209-210
	Loose Wrap	Shrink wrap does not fit tightly around the case and/or has loose ends.	
	Poor Perforations	Perforation breaks open during normal handling.	Case Quality: Page 207-208
	Insufficient Fragile Item Packaging (Poor Packaging for Glass/Ceramic/Fragile)	Packaging for glass/ceramic/fragile items do not meet requirements resulting in loose/easily damaged product.	Fragile Product Packaging: Page 255-256
	Selling Units Not Secured	Selling units freely move inside case/pallet pull resulting in damage. Opening on case too large to keep selling units secured.	Automation Eligible and Ineligible Cases: Packaging_Page 205-206 Case Quality (opening on case): Page 207-208
	Loose or Metal Straps (Loose/Metal Straps or Bands)	Straps or bands are not tight on the case. Metal straps or bands are present.	Automation Eligible and Ineligible Cases: Packaging_Page 205-206 Case Quality (opening on case): Page 207-208
	Packaging Easily Crushed (Weak Packaging)	Corrugate is easily crushed and does not withstand normal handling.	Automation Eligible and Ineligible Cases: Page 205-206 Case Quality: Page 207-208
	Insufficient Glue or Tape (Weak/Lack of Glue/Tape)	Case flaps are not securely sealed with glue or tape.	Case Quality: Page 207-208
	Overpacked/Bulging Case (Oversized/ Undersized Case)	Contents of case results in bulging case.	

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SQEP Supporting Standards, cont...

FixIt Defect	FixIt Sub-Defect	Description	Supporting Standard Location
Pallet Labeling	Mixed Dates Labeling Missing/ Incorrect	"Mixed Date Pallet" placard was not found on all four sides of the pallet. Wrong dates or quantities on the label.	Perishable Labeling Requirements: Page 324
Pallet Securement	Poor Securement	Pallets arrived intact but require additional wrap or securement to maintain stability throughout the warehouse.	Stretch Wrap: Page 246
	Bagged Items Missing Pallet Barrier (Bagged Item Missing Bottom Tray)	Bagged item does not have the required tray, slip or tier sheet between product and pallet.	Unitized Shipments: Page 241
Pallet Build	Pallet Overhang	Freight exceeds the footprint of the pallet.	Unitized Shipments: Page 241-242
	Exceeds Max Pallet Height (Exceeds Max Height for Trailer Type)	Freight exceeds maximum allowable height.	Double Stacking - Inbound to Walmart: Page 237 Direct Import: Page 297-304
	Inaccurate Ti	Cases per layer does not match the pallet build in the item file. IDC: Consistent TI for Shipment	Unitized Shipments: Page 241-242 Direct Import: Page 297-304
Pallet Quality	Poor Quality (Fair Quality)	Pallet does not meet the minimum published requirements in the Walmart Supply Chain Standards.	Pallet Standards: Page 231-234
	Non-Compliant Pallet Size	Pallet is not a standard 48X40 pallet size.	

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SQEP Supporting Standards, cont...

FixIt Defect	FixIt Sub-Defect	Description	Supporting Standard Location
Load Stability	Shifted or Unstable	Freight is leaning or has fallen over inside the trailer and requires rework before being removed from the trailer.	Unitized Stacking: Page 239-240
	Not Palletized	Staple stock freight is not palletized.	
Load Segregation	Pallet not Separated by DA and Staple	DA and SS POs loaded on the same pallet.	Item and PO Configurations: Page 230
	Trailer not Separated by DA and Staple	DA and SS POs not separated on the trailer.	Trailer Loading: Page 247
	Same Item Not Grouped By Layer (Same Item/PO Not Grouped by Layer)	Items column stacked and/or mixed throughout the pallet.	Item and PO Configurations: Page 230
	Same Item & PO On Multiple Pallets (Same Item/PO on Multiple Pallets)	Single pallet or less quantity item spread amongst multiple pallets.	

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