The Global Language of Business

Foodservice

GLN Assignment Guidance for Foodservice

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About Foodservice GS1 US Standards Initiative

The Foodservice GS1 US Standards Initiative serves as a strategic effort in which industry trade associations and individual companies may choose to join on a voluntary basis to assist with their company's adoption and implementation of GS1 Standards. Nothing herein should be construed as constituting or implying an agreement among foodservice companies to adopt or implement GS1 Standards. Nothing herein should be construed as constituting or implying an agreement regarding any company's prices, output, markets, or dealings with customers and suppliers. Nothing herein is inconsistent with the proposition that each participating company must and will exercise its independent business judgment on all standards adoption.

1 Introduction

As members of the foodservice industry begin the process of implementing GS1 Global Location Numbers (GLNs) in their organization, one of the first questions they face is: *Which parties/locations across my organization should be assigned a GLN?* Smaller organizations may only need a single GLN that can be used for a variety of supply chain purposes like Ship-to location, Bill-to location, contractual party, etc. Larger, more complex organizations will likely need a number of GLNs to represent different parties/locations across their organizations. For example:

- A large manufacturer may assign a GLN to its accounting department for payments, and another to its billback department for sales reporting.
- A large distributor may assign GLNs to each distribution center, and/or each shipping and receiving dock.
- An operator chain may assign different GLNs to each chain concept, as well as each chain concept restaurant.

Whatever the circumstance, each company should consider its supply chain role, business model, and essential business processes in order to determine which of their parties/locations should be assigned GLNs. This document is intended to assist foodservice members in that effort.

Note: NOTE: As with all GS1 Standards and solutions, this guide is voluntary, not mandatory. It should be noted that use of the words "must" and "require" throughout this document relate exclusively to technical recommendations for the proper application of the standards to support the integrity of your implementation.

1.1 Purpose

The Foodservice GS1 US Standards Initiative created this document to support adoption and implementation of the GS1 Global Location Number (GLN) across the foodservice supply chain. The purpose of this document is to help foodservice trading partners to identify which parties and locations in their organizations should be assigned GLNs. To that end, this document:

- Explains the types of parties and locations to which GLNs may be assigned, and provides examples of each in the foodservice supply chain
- Identifies key foodservice business processes and the party/location information needed to support them
- Examines various foodservice business models and recommends the parties and locations which should be assigned GLNs in each

1.2 Audience

This document is intended for foodservice companies and their personnel who are responsible for assigning and implementing GLNs. For example:

- Manufacturers, Distributors, Operators, Group Purchasing Organizations (GPO's) and Third Party Warehouses
- Supply Chain and Information Technology Managers in the foodservice sector

2 Standardizing Foodservice Location Identification

Historically, there was no standardized identifier for accounts/locations used by all members of the foodservice supply chain. Instead, each unique business relationship between two foodservice trading partners produced a set of proprietary account/location numbers specific to that relationship. In addition to all of the account/location identifiers assigned by trading partners, many foodservice companies also assigned internal numbers to their own locations for use within their IT systems. These practices resulted in numerous identifiers for the same account/location, which is a high-maintenance and error-prone environment.

To help resolve these problems, the foodservice industry has adopted GLNs as the standardized identifier for accounts/locations across their supply chain. Adoption of the GLN standardizes account/location numbers so that each foodservice location has one standards-based identifier in a standardized data format based on standardized assignment and change management rules. The same identifier can then be used by all trading partners to identify that location in all supply chain transactions, supply chain communications, and internal systems. GLNs can then replace custom account numbers or similar identifiers such as supplier number, vendor number, trading partner number, etc. in order to improve foodservice business processes like contract management, procure-to-pay and recall.

Note: Transitioning from existing custom account numbers to GLNs is a collaborative process. Trading partner(s) will have to work together to establish an implementation plan and timeline that will aid in a smooth transition in supply chain transactions, systems and communications.

3 Overview of GLN Assignment

The GLN is a GS1 Standards-based, globally unique identification number for supply chain parties and locations. Companies are responsible for assigning their own GLNs (a process known as *allocation*).* The GS1 System provides clear, structured data standards and GLN Allocation Rules that companies follow when allocating GLNs so that their GLNs are globally unique and in a consistent format. When a user assigns a GLN, they define a prescribed set of data about the party/location to which that GLN relates (e.g., street address, floor, etc.). These *GLN attributes* define master data about the party/location (e.g., name, address, class of trade, etc.), which help to insure that each GLN is specific to one, very precise location within the world. The GLN and its associated attributes are then saved in a database (like *GS1 US Data Hub | Location*) and shared among supply chain partners so that they can be used in supply chain transactions.

* **Note**: Although companies usually assign GLNs to their own locations, some trading partners may be small, unfamiliar with GLNs, and/or unwilling to assign a GLN for themselves. To respond to this challenge, another trading partner may contact GS1 US about assigning a GLN to the trading partner for use in supply chain transactions. For example, a GPO or large distributor may do this for a small, independent operator with whom they do business.

The GLN not only identifies a specific party or location, but also provides a link to the information pertaining to it (i.e., a database holding the GLN attributes). This enables supply chain partners to simply reference a GLN in supply chain communications, as opposed to manually entering all of the necessary party/location information. Using a GLN to reference party/location information promotes efficiency, precision and accuracy in communicating and sharing location information. In addition, it enables users to leverage *GS1 US Data Hub | Location* (previously the GLN Registry®) for detailed party/location information. GS1 US Data Hub® serves as a central resource of location and party information for foodservice and foodservice-related facilities in the United States, to help trading partners manage and share accurate, up-to-date party and location information on demand. Data Hub uses a United States Postal Service standardization program which facilitates the use of the same address and address taxonomy for all supply chain partners.

4 How to Identify Which Parties/Locations Should Be Assigned a GLN

Companies need to assess which parties/locations across their organization should be assigned a GLN. During their analysis, they should consider the types of entities which a GLN can be used to identify, as well as essential foodservice business processes.

Smaller organizations may only need a single GLN that can be used for a variety of supply chain purposes like Ship-to location, Bill-to location, contractual party, etc. Larger, more complex organizations will likely need to assign a number of GLNs to represent different parties/locations across their organizations. Considering the types of GLN entities and essential foodservice business processes within the context of a company's business model will help both types of organizations understand their GLN needs.

All three considerations are discussed in detail throughout the remainder of this document in order to support foodservice industry members in assessing which parties/locations in their own organization should be assigned a GLN. Specifically, the remainder of this document includes sections on how to:

- Consider the Types of Parties/Locations that GLN Can be Used to Identify
- Consider Essential Foodservice Business Processes
- Consider Foodservice Business Models

5 Consider Types of Parties/Locations that can be Identified with GLNs

GLNs may be assigned to any party/location, providing maximum flexibility to meet the needs/requirements of businesses around the world -- from a loading dock at a manufacturer or distribution center, to an individual restaurant, to a cafeteria in a university. This helps promote precision and accuracy in identifying locations, and helps facilitate communication of reliable party and location information to supply chain partners.

Members of the foodservice industry should consider the types of entities which a GLN can be used to identify as part of their effort to assess which parties/locations across their organization should be assigned a GLN. This section is intended to assist in that analysis.

5.1 Types of GLN Entities

GLNs help enable trading partners to efficiently and effectively manage precise supply chain information for all of their various corporate identities and physical locations using standardized identifiers which they assign and control. By design, the GLN can be used to identify a *legal entity*, a *functional entity*, or a *physical entity*. Each type of entity is defined below.

5.1.1 Legal Entities

A *Legal Entity* is defined as a legal organization that is subscribed to the GS1 System. *Legal Entities* can include parent corporations, subsidiaries and/or divisions. Examples of *Legal Entities* include:

- Parent corporations
- Chain concept subsidiaries
- Specialty food divisions

5.1.2 Functional Entities

Functional Entities can include a department within a legal entity. Examples include:

- Purchasing departments
- Accounts receivable
- Accounts payable

5.1.3 Physical Locations

A *Physical Location* is defined as a single point of access with a physical address. *Physical Locations* can include specific locations within a legal entity and/or a functional entity. Examples include:

- Manufacturing plants
- Distribution centers and warehouses
- Warehouse gates and loading docks
- Restaurants and cafeterias
- Receiving docks
- Particular rooms in a building – or even a specific cabinet or shelf

Important: It is important to not build any intelligence into the structure of the GLN to represent a hierarchy. For example, do not attempt to use a certain digit position in the GLN to designate a relationship (e.g., any GLN with a "4" as the first digit is a Chain A restaurant; any GLN with a "5" as the first digit is a Chain B restaurant; etc.) Another example to avoid is attaching any meaning to numerical sequence (e.g., the corporate GLN should be a larger value than the accounts payable GLN). Doing so makes GLNs difficult to maintain, reduces the flexibility of changing organizations, and can make IT systems more expensive to maintain. Instead, assign GLNs without attaching any meaning to the number itself, and then build GLN hierarchies into a database to convey relationships.

5.2 Foodservice Examples of Each Type of GLN Entity

The table below presents foodservice examples of each type of GLN entity.

Table 5-1 Foodservice Examples of Each GLN Entity Type

Foodservice Supply Chain Role	Examples of Legal Entities	Examples of Functional Entities	Examples of Physical Locations
Manufacturers	▪ Company Headquarters ▪ Specialty Food Divisions	▪ Contracts/Billback Dept. ▪ Accounts Receivable ▪ Accounts Payable ▪ Purchasing/Procurement	▪ Factories ▪ Warehouses ▪ Shipping Docks
Distributors	▪ Company Headquarters	▪ Contracts/Billback Dept. ▪ Accounts Receivable ▪ Accounts Payable ▪ Purchasing/Procurement	▪ Distribution Centers ▪ Receiving Docks (inbound) ▪ Loading Docks (outbound)
Operators	▪ Company Headquarters ▪ Chain Concept Subsidiaries ▪ Contract Operator Divisions	▪ Accounts Payable ▪ Accounts Receivable ▪ Purchasing/Procurement	▪ Restaurants ▪ Receiving Doors ▪ Vending Locations
GPOs	▪ Company Headquarters	▪ Accounts Payable ▪ Accounts Receivable ▪ Purchasing/Procurement	▪ Receiving Doors
Third Party Warehouses	▪ Company Headquarters	▪ Accounts Receivable	▪ Warehouses ▪ Loading Docks ▪ Receiving Docks

6 Consider Foodservice Business Processes

The historical approach to location identification in the foodservice industry resulted in numerous identifiers for each party/location. This made the simple act of identifying parties and/or locations in supply chain communications and transactions very difficult, and took a time-consuming and costly toll on foodservice business processes.

This section discusses key foodservice business processes where location identification plays an important part. Members of the foodservice industry should consider these business processes as part of their effort to assess which parties/locations across their organization should be assigned GLNs. Focus on the needs and challenges related to location/party identification, and be mindful of the following:

- The GLN is not just "another identification number." Adoption of the GLN standardizes account/location numbers so that each foodservice location has one, standards-based identifier that is used by all participating trading partners to identify that location in all supply chain transactions, supply chain communications, and internal systems.

  RECOMMENDATION: Identify the pain points in business processes that are related to or caused by the existence of numerous identification numbers for parties/locations.

- In collaborative business processes, a company's pain points in terms of party/location information are usually related to identifying trading partner parties/locations, not their own. Therefore, trading partners have important insights about which parties/locations across your organization need to be assigned GLNs.

6.1 Supply Chain Contracts

Contracts can exist between trading partners in any part of the supply chain. As the transactional complexity increases, it is essential to clearly distinguish all parties named in the contract. This is especially important when specific price deviations and rebates are only offered to certain parts of an organization. For example, if a party is a chain operator group with multiple concepts and numerous restaurants, it is imperative to precisely identify all chain operators that are eligible to receive the discount (i.e., "claimants"). And even after the initial drafting of the contract, it is important to keep the party/location information in the contract up-to-date. Foodservice operators commonly gain and/or lose locations over the life of a contract. Such changes have to be integrated into the contract in order for new locations to receive the benefits and for old locations to be removed.

Some foodservice contracts depend on participation by trading partners who are not parties to the contract (e.g., a manufacturer and a GPO negotiate a rebate contract, and a distributor implements its pricing terms). In these circumstances, the proper application of contract terms depends on the other trading partner's ability to recognize/identify the contractual parties. But, this can be very challenging if foodservice trading partners use their own proprietary identifiers. For example, distributors need to identify all eligible claimants to a contract in order to invoice the claimants correctly, identify claimant contract-product sales, and prepare sales reports back to the manufacturer for any bill back. Although distributors use their own "Customer Numbers" to identify operators, eligible operators may be identified in the contract using GPO "Member Numbers." The distributor needs to cross-reference these identifiers in order to invoice and report sales, which adds complexity and increases the effort required to effectuate the contract.

RECOMMENDATION: Work with your trading partners to evaluate each step in the contract lifecycle and assign GLNs to all of the parties/locations that need to be identified in each step. *(The information contained herein is for informational purposes only as a convenience, and is not legal advice or a substitute for legal counsel, nor does it constitute advertising or a solicitation. GS1 US Inc. assumes no liability for the use or interpretation of the information contained herein.)*

6.2 Procure-to-Pay

Procurement is not only the act of purchasing, but it is an art of acquiring goods and services at the right time, the right place, the right quantity and the right price. Perfection of this process can help reduce supply chain costs and the cost of acquiring goods and services. All of the activities in the procure-to-pay process depend on accurate identification of certain locations (e.g., shipping address; billing location; remittance location; etc.). Therefore, accuracy of location identification and alignment of location information is essential to procurement.

However, the ability to identify procure-to-pay roles becomes more difficult as more supply chain partners are added, and/or as the number of locations each supply chain partner has increases. Moreover, contracts governing some of the supply chain relationships add further complexity to who pays who, when, and for how much. For example, contract operators provide foodservices on a client site, but who pays the distributor for products depends on the contract between the client and the operator, and the pricing terms for those products can depend on a contract between the manufacturer and the operator or the manufacturer and the client. Similarly, chain operator groups that process invoices for their operators often assign a "Profit/Loss Center" number to identify each operator. However, distributors use their own "Customer Numbers" to identify operators in their invoices. The chain operator group needs to cross-reference these identifiers in order to process invoices and make payments, which can be confusing and time-consuming.

RECOMMENDATION: Examine your business processes related to product movement (e.g., shipping and receiving) and financial transactions (e.g., invoicing and payments), and assign GLNs to each party/location needed to support, clarify and/or streamline the processes.

6.3 Traceability

Identifying where a product was manufactured, who it was sold and shipped to, and ultimately where it was prepared or consumed, are key components of effective food traceability. Historical practice resulted in numerous proprietary identifiers for the same account/location, requiring trading partners to manage cross-references and data mappings to align party and location information with one another. This approach has not promoted accuracy in party/location information or expediency in obtaining it. In the event of a product recall, stock trace or market withdrawal, each trading partner would have to rely on manual alignment of party/location information between trading partners to find a suspect product. This slows responsiveness to market withdrawals, product recalls, or any other trace-back situation where time is of the essence.

RECOMMENDATION: Analyze the product lifecycle across the supply chain and within your own organization, and assign GLNs to each party and location that would need to be identified in order to quickly and accurately track and trace a suspect product.

7 Consider Business Model and Recommended GLNs

This section presents some of the most common supply chain business models in the foodservice industry, from the simplest to the most complex. Each business model integrates the key concepts about GLN entity types and foodservice business processes discussed in this document. Presenting those concepts within the context of various business models provides further insight to help organizations understand their GLN needs.

Each business model includes a description, a diagram, key considerations, and a table listing the parties and locations for which assigning GLNs is recommended. There are four types of supply chain activities presented in the business model diagrams:

- Contract
- Products

- Cash
- Contract Implementation

Each is represented by a color-coded arrow that connects the GLNs involved in that type of activity. The table below provides more detailed information about each type of supply chain activity presented in the diagrams.

Table 7-1 Supply Chain Activities Presented in the Business Model Diagrams

Type of Supply Chain Activity	Symbol in Diagram	Business Process and/or Transaction Examples	Key Challenges / Opportunities
Contracts		▪ Rebate Contract ▪ GPO Contract ▪ Contract Operator Contracts	▪ Precisely identifying the parties to the contract ▪ Streamlining the information that needs to be entered about each party ▪ Keeping the party information up-to-date ▪ Efficiently and accurately communicating contractual party information to affected supply chain members
Contract Implementation		▪ Contract Pricing ▪ Sales Reporting ▪ Billback Processing	▪ Identifying eligible chain operators to a contract ▪ Streamlining the party information that needs to be loaded into systems ▪ Promoting efficiency and correctness in sales reporting and billback processing
Products		▪ Shipping ▪ Receiving	▪ Managing inbound and outbound logistics ▪ Identifying precise receiving points at facilities to streamline receiving processes ▪ Accurately identifying operator receiving locations (e.g., contract operators) ▪ Reconciling the shipping and receiving location identifiers used by trading partners to support traceability
Cash		▪ Invoice ▪ Payments	▪ Accurately reflecting product payment arrangements for contract operator models ▪ Identifying where to send invoices for chain concept restaurants ▪ Aligning distributor Ship-to's with Chain/GPO operator identifiers to process payables

Important: For each business model, there is a table recommending the parties/locations which should be assigned GLNs. These recommendations align with the diagram for that business model with one exception. A corporate entity GLN is recommended for every trading partner in all of the business models, regardless of whether it is used in the diagram. This is recommended simply because it is common practice for most companies to assign a GLN to their corporate entity as a matter of course.

7.1 Independent Operator (Street Customer)

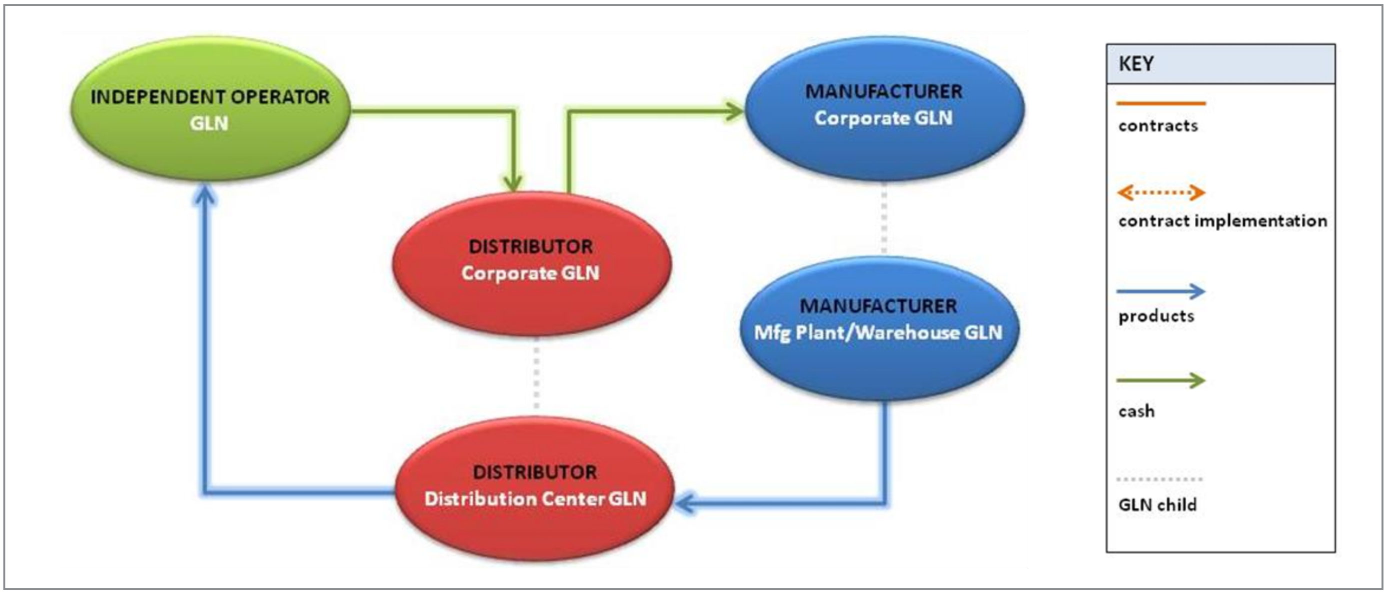
The preferred approach to GLN assignment is that the operator assigns a GLN for themselves.

7.1.1 Business Model 1: Independent Operator Purchase from Distributor

Business Model 1 is the simplest business model in the foodservice industry. A manufacturer with a single manufacturing plant/warehouse sells product to a distributor who has one distribution center.

The distributor sells product to the operator, delivering it directly to the operator location, where the product is consumed. There are no contracts involved.

Figure 7-1 Independent Operator Purchase from Distributor



Key Considerations for Business Model 1:

- Aligning shipping and receiving location identifiers used by trading partners to support traceability

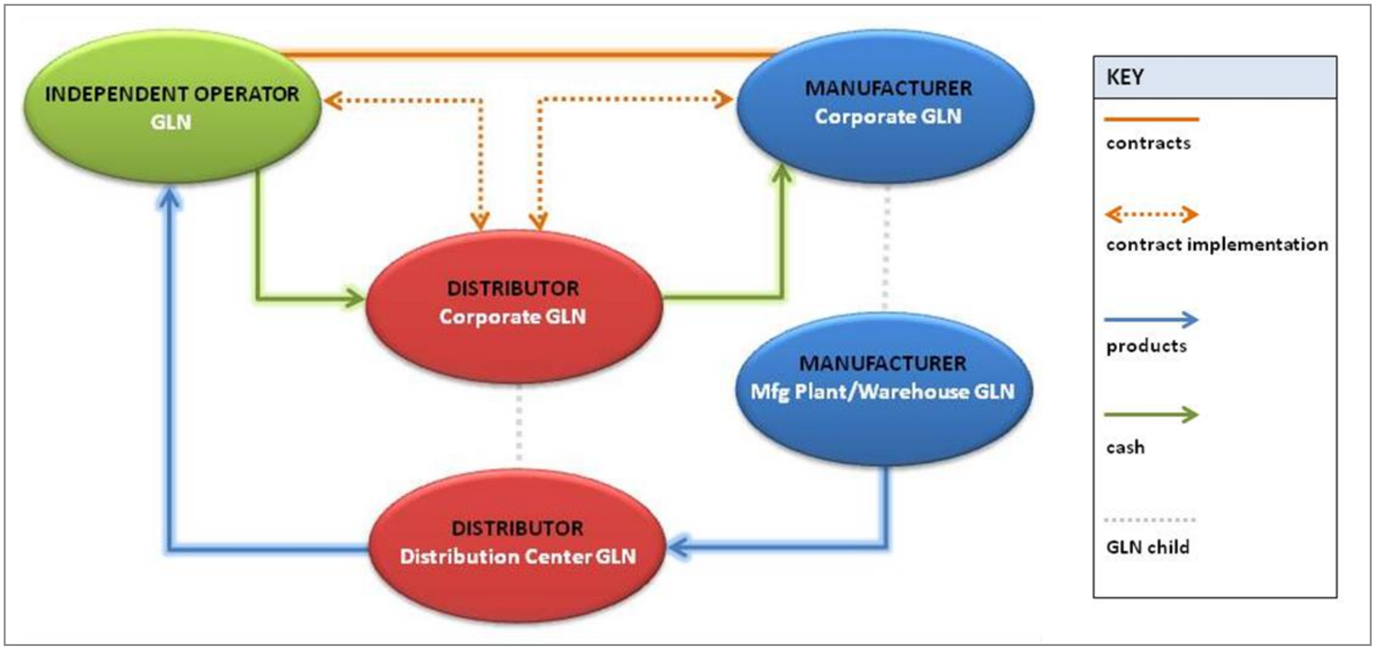
Table 7-2 GLNs Recommended for Business Model 1

	Assign GLNs to…	Can be used as…	To support…
Manufacturer	Corporate entity		
	Manufacturing plant / warehouse	Ship-from location	Product movement Traceability
	Accounts receivable	Remit-to location	Financial transactions
Distributor	Corporate entity		
	Distribution center	Ship-to / Ship-from location	Product movement Traceability
	Accounts payable	Bill-to location	Financial transactions
	Accounts receivable	Remit-to location	Financial transactions
Operator	Operator location	Ship-to / Bill-to	Product movement Traceability Financial transactions

7.1.2 Business Model 2: Independent Operator Purchase from Distributor with Manufacturer Contracts

In Business Model 2, a manufacturer with a single manufacturing plant/warehouse sells product to a distributor who has one distribution center. The distributor sells product to an operator, delivering it to the location where the product is consumed. There is a rebate contract between the manufacturer and the operator.

Figure 7-2 Independent Operator Purchase from Distributor with Manufacturer Contracts



Key Considerations for Business Model 2:

- Communicating contract information to trading partners
- Implementing contractual pricing
- Sales reporting and billback processing

Table 7-3 GLNs Recommended for Business Model 2

	Assign GLNs to…	Can be used as…	To support…
Manufacturer	Corporate entity	Contractual party	Contract terms
	Manufacturing plant / warehouse	Ship-from location	Product movement Traceability
	Accounts receivable	Remit-to location	Financial transactions
	Billback department	Report-to location	Contract implementation
Distributor	Corporate entity		
	Distribution center	Ship-to / Ship-from location	Product movement Traceability
	Accounts payable	Bill-to location	Financial transactions
	Accounts receivable	Remit-to location	Financial transactions Contract implementation
Operator	Operator location	Contractual party	Contract terms Contract implementation
		Ship-to location	Product movement Traceability
		Bill-to location	Financial transactions

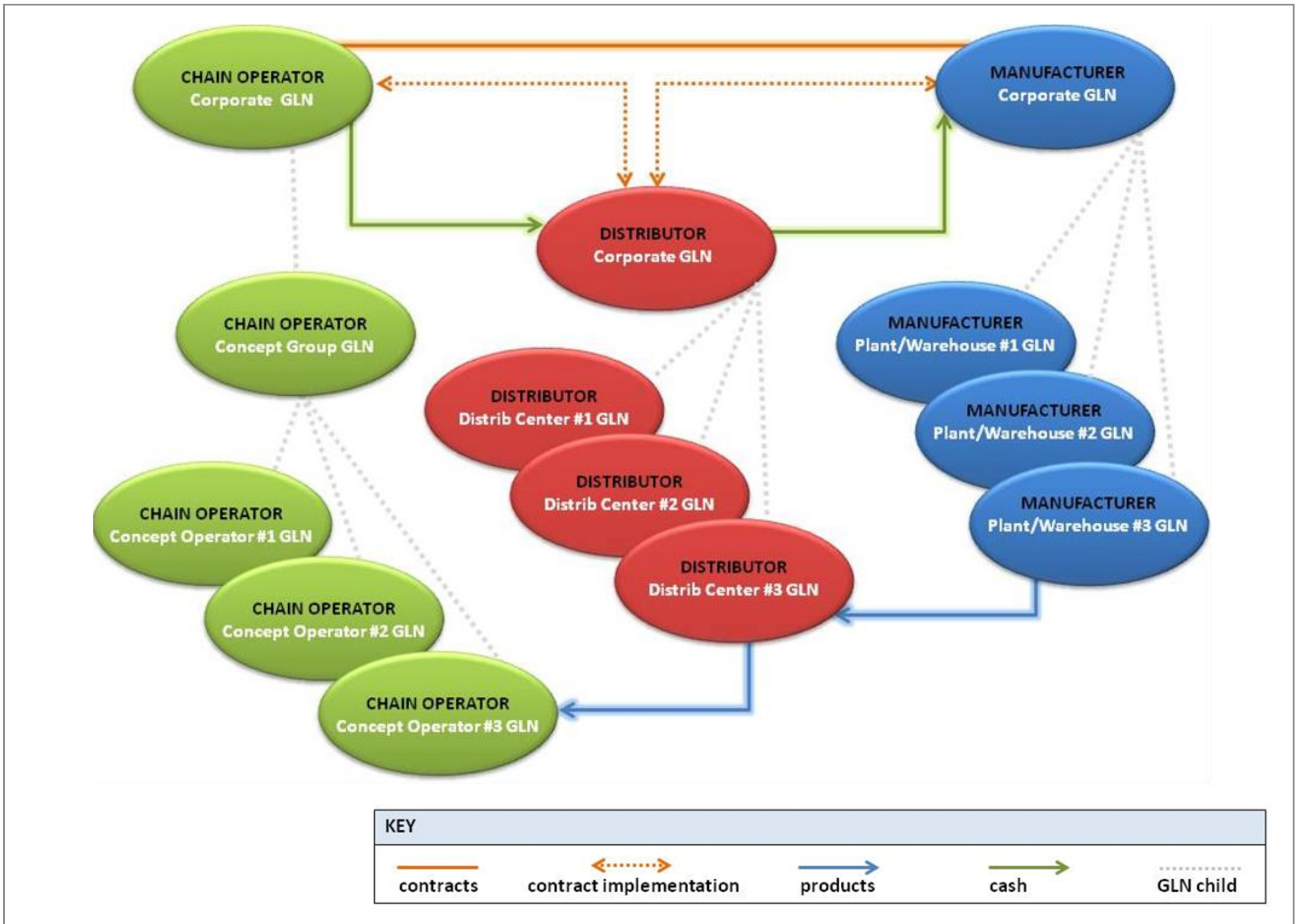
7.2 Chain Operator Group

A "chain operator group" is a company that owns a chain of restaurants, or several chains (which are known as "concepts"). There are usually several restaurants for each chain concept. Because chain operator groups are often spread over a large geographic area, they often need distributors with multiple distribution centers that are strategically situated to service all of their restaurants. Likewise, those distributors often need manufacturers with multiple plants and warehouses that are strategically situated to service all of their distribution centers. Chain operator groups typically have contracts for product pricing with manufacturers.

7.2.1 Business Model 3: Chain Operator Group Purchase from Distributor with Manufacturer Contracts

Business Model 3 shows a chain operator group with one concept and multiple restaurants for that concept. In this model, a manufacturer with multiple manufacturing plants sells product to a distributor who has multiple distribution centers (DCs). The distributor sells product to the chain operator group, delivering it to the various restaurant locations. There is a rebate contract between the manufacturer and the chain operator group.

Figure 7-3 Chain Operator Group Purchase from Distributor with Manufacturer Contracts



Key Considerations for Business Model 3:

- Identifying parties when drafting contracts
- Keeping information about the parties to the contract up-to-date
- Communicating contract information to trading partners
- Managing inbound and outbound logistics
- Specifying precise receiving points at facilities to streamline receiving processes
- Aligning shipping and receiving location identifiers used by trading partners to support traceability
- Implementing contractual pricing
- Aligning distributor Ship-to's with Chain Operator Group identifiers for invoicing and payables
- Sales reporting and billback processing

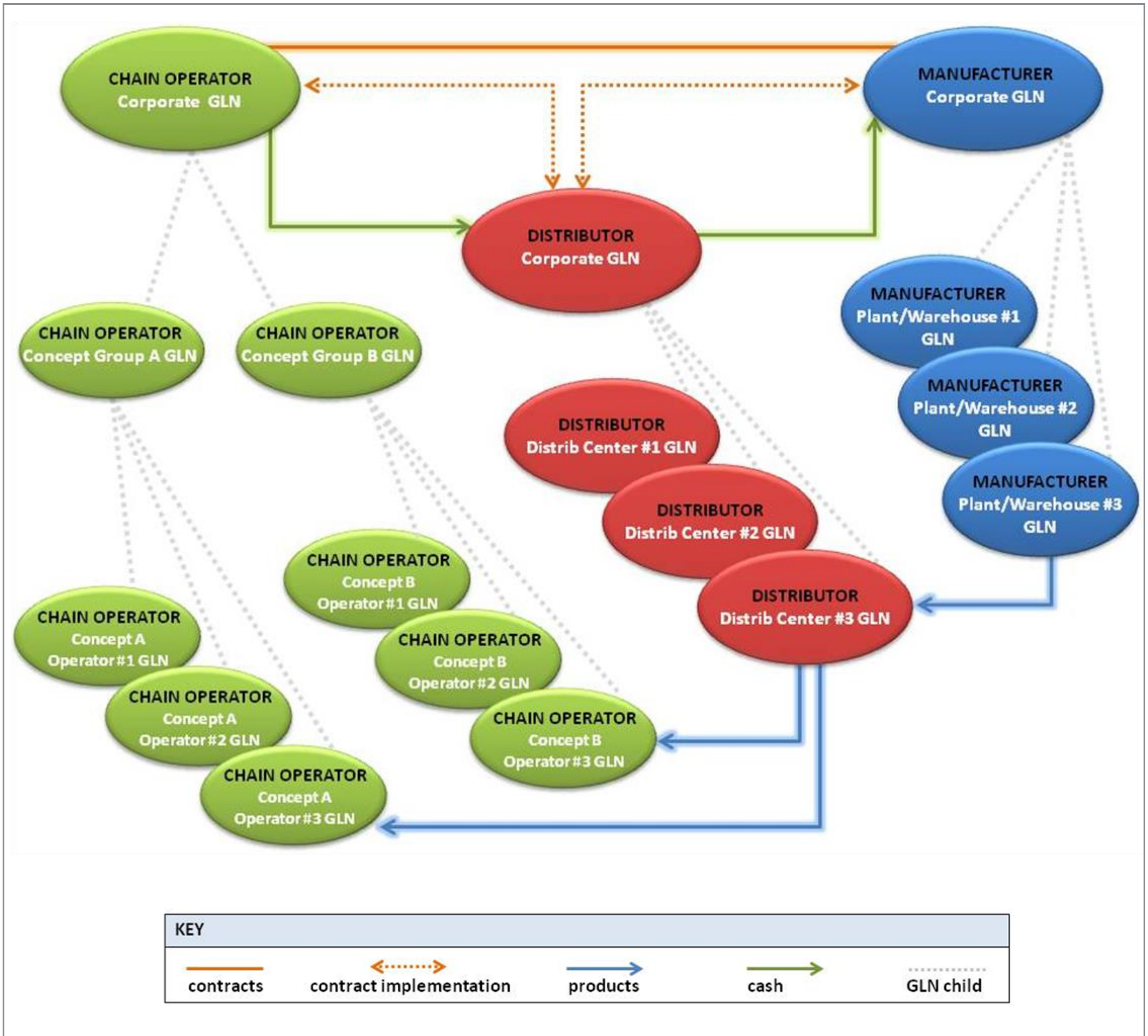
Table 7-4 GLNs Recommended for Business Model 3

	Assign GLNs to…	Can be used as…	To support…
Manufacturer	Corporate entity	Contractual party	Contract terms
	Manufacturing plant / warehouse #1	Ship-from location	Product movement Traceability
	Manufacturing plant / warehouse #2	Ship-from location	Product movement Traceability
	Manufacturing plant / warehouse #3	Ship-from location	Product movement Traceability
	Accounts receivable	Remit-to location	Financial transactions
	Billback department	Report-to location	Contract implementation
Distributor	Corporate entity		
	Distribution center #1	Ship-to / Ship-from location	Product movement Traceability
	Distribution center #2	Ship-to / Ship-from location	Product movement Traceability
	Distribution center #3	Ship-to / Ship-from location	Product movement Traceability
	Accounts payable	Bill-to location	Financial transactions
	Accounts receivable	Remit-to location	Financial transactions
Operator	Chain Operator Group corporate entity	Contractual party	Contract terms
	Chain Concept	Contractual party	Contracts terms
	Chain Operator - Restaurant 1	Ship-to location	Contract terms Product movement Traceability Contract implementation Financial transactions
	Chain Operator - Restaurant 2	Ship-to location	Contract terms Product movement Traceability Contract implementation Financial transactions
	Chain Operator - Restaurant 3	Ship-to location	Contract terms Product movement Traceability Contract implementation Financial transactions
	Accounts payable	Bill-to location	Financial transactions

7.2.2 Business Model 4: Chain Operator Group with Multiple Concepts Purchase from Distributor with Manufacturer Contracts

Business Model 4 shows a chain operator group with multiple concepts, and multiple restaurants for each concept. (Think of one concept as an Italian food concept and the other a Mexican food concept.) In the model, a manufacturer with multiple manufacturing plants/warehouses sells product to a distributor who has multiple distribution centers (DCs). The distributor sells product to the chain operator group, delivering it to the various restaurant locations for each concept. There is a contract between the manufacturer and the chain operator group.

Figure 7-4 Chain Operator Group with Multiple Concepts Purchase from Distributor with Manufacturer Contracts



Key Considerations for Business Model 4:

- Identifying parties when drafting contracts
- Keeping information about the parties to the contract up-to-date
- Communicating contract information to trading partners
- Managing inbound and outbound logistics
- Specifying precise receiving points at facilities to streamline receiving processes
- Aligning shipping and receiving location identifiers used by trading partners to support traceability
- Implementing contractual pricing
- Aligning distributor Ship-to's with Chain Operator Group identifiers for invoicing and payables
- Sales reporting and billback processing

Table 7-5 GLNs Recommended for Business Model 4

	Assign GLNs to…	Can be used as…	To support…
Manufacturer	Corporate entity	Contractual party	Contract terms
	Manufacturing plant / warehouse #1	Ship-from location	Product movement Traceability
	Manufacturing plant / warehouse #2	Ship-from location	Product movement Traceability
	Manufacturing plant / warehouse #3	Ship-from location	Product movement Traceability
	Accounts receivable	Remit-to location	Financial transactions
	Billback department	Report-to location	Contract implementation
Distributor	Corporate entity		
	Distribution center #1	Ship-to / Ship-from location	Product movement Traceability
	Distribution center #2	Ship-to / Ship-from location	Product movement Traceability
	Distribution center #3	Ship-to / Ship-from location	Product movement Traceability
	Accounts payable	Bill-to location	Financial transactions
	Accounts receivable	Remit-to location	Financial transactions
Operator	Chain Operator Group corporate entity	Contractual party	Contract terms
	Chain Concept A	Contractual party	Contract terms
	Chain Concept B	Contractual party	Contract terms
	Chain Concept A - Restaurant 1	Ship-to location	Contract terms Product movement Traceability Contract implementation Financial transactions

(continued on next page…)

	Assign GLNs to…	Can be used as…	To support…
Operator (continued)	Chain Concept A – Restaurant 2	Ship-to location	Contract terms Product movement Traceability Contract implementation Financial transactions
	Chain Concept A - Restaurant 3	Ship-to location	Contract terms Product movement Traceability Contract implementation Financial transactions
	Chain Concept B - Restaurant 1	Ship-to location	Contract terms Product movement Traceability Contract implementation Financial transactions
	Chain Concept B – Restaurant 2	Ship-to location	Contract terms Product movement Traceability Contract implementation Financial transactions
	Chain Concept B - Restaurant 3	Ship-to location	Contract terms Product movement Traceability Contract implementation Financial transactions
	Accounts payable	Bill-to location	Financial transactions

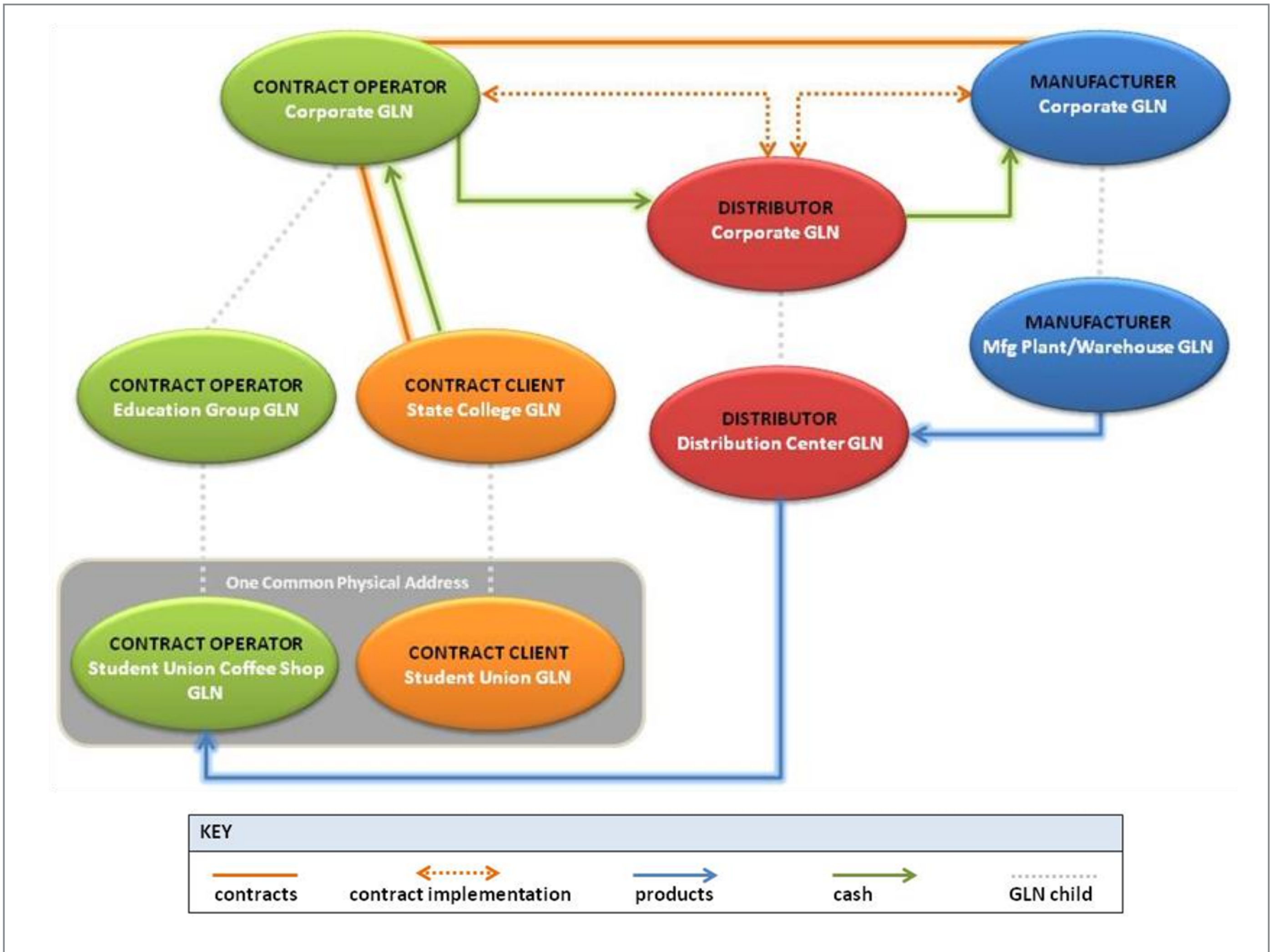
7.3 Contract Foodservice Operator

A "contract foodservice operator" provides foodservices to companies at their locations. (The company is referred to as the client.) Some examples include: dining halls for a university, luxury box catering for a major sporting event venue, patient meals for a metropolitan hospital, and cafeterias for a Silicon Valley corporation.

7.3.1 Business Model 5: Contract Foodservice Operator Purchasing Products from a Distributor with Manufacturer Contracts

In Business Model 5, the contract foodservice operator contracts with State College (the client) to service a coffee shop in the student union. In this model, a manufacturer with a single manufacturing plant/warehouse sells product to a distributor who has one distribution center. The distributor sells product to the contract foodservice operator, delivering it to the location where the product is consumed. (The contract foodservice operator pays for the product provided by the distributor.) There is also a contract between the manufacturer and the operator. Therefore, there are two contracts in this model: the service contract between the contract foodservice operator and their client, and the sales contract between the contract foodservice operator and the manufacturer.

Figure 7-5 Contract Foodservice Operator Purchase from Distributor with Manufacturer Contracts



Key Considerations for Business Model 5:

- Identifying parties when drafting contracts
- Communicating contract information to trading partners
- Aligning shipping and receiving location identifiers used by trading partners to support traceability
- Implementing contractual pricing
- Aligning distributor Ship-to's with GPO identifiers for invoicing and payables
- Sales reporting and billback processing

Table 7-6 GLNs Recommended for Business Model 5

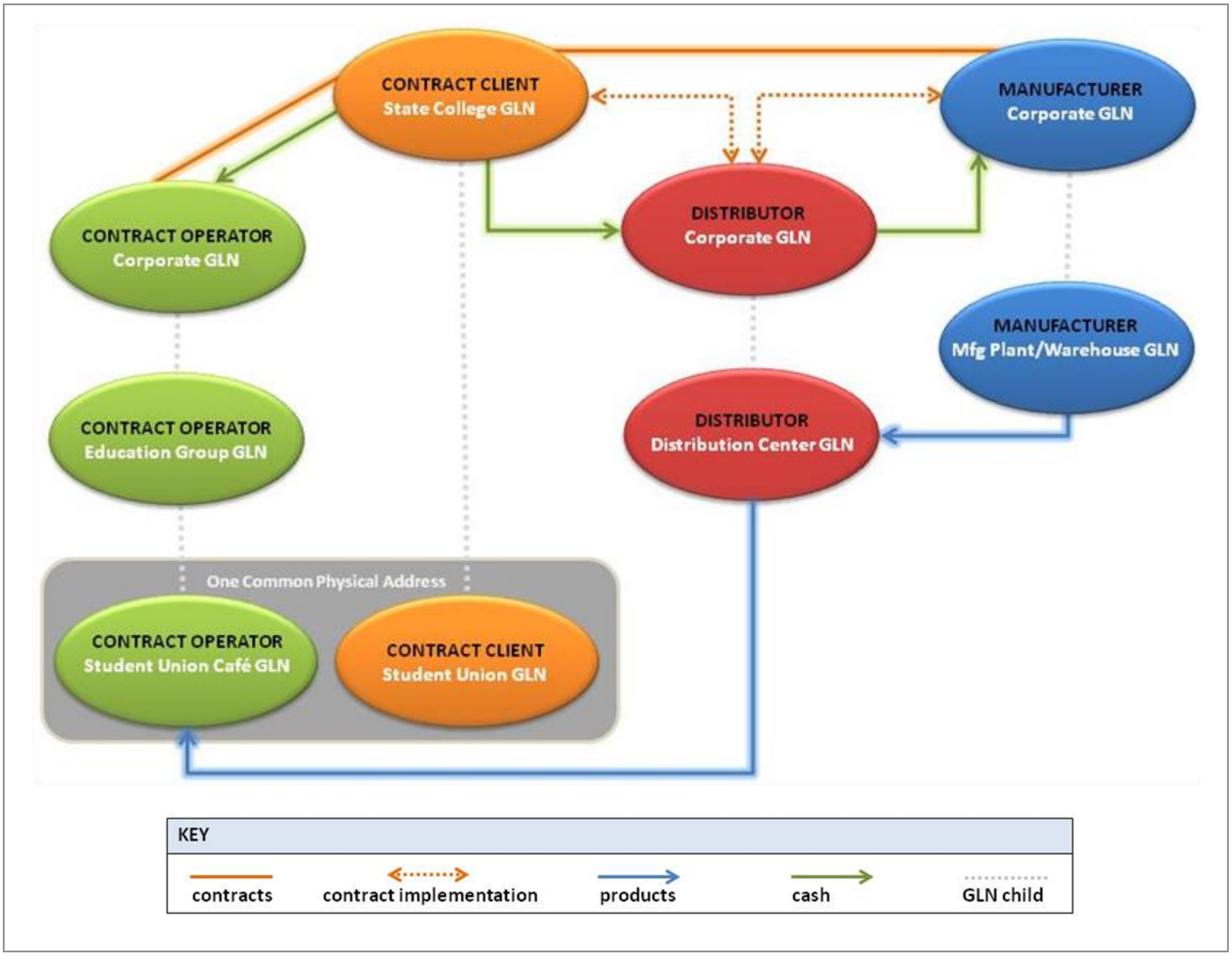
	Assign GLNs to…	Can be used as…	To support…
Manufacturer	Corporate entity	Contractual party	Contract terms
	Manufacturing plant / warehouse	Ship-from location	Product movement Traceability
	Accounts receivable	Remit-to location	Financial transactions
	Billback department	Report-to location	Contract implementation
Distributor	Corporate entity		
	Distribution center	Ship-to / Ship-from location	Product movement Traceability
	Accounts payable	Bill-to location	Financial transactions
	Accounts receivable	Remit-to location	Financial transactions
Client	Corporate entity	Contractual party	Contract terms
	Student Union	Contractual location	Contract terms
	Accounts payable	Bill-to location	Financial transactions
Operator	Corporate entity	Contractual party	Contract terms
	Education Group (division)	Contractual party	Contract terms
	Coffee Shop	Ship-to location	Product movement Traceability Contract implementation
	Accounts payable	Bill-to location	Financial transactions
	Accounts receivable	Remit-to location	Financial transactions

7.3.2 Business Model 6: Contract Foodservice Operator with Client Pay

In this model, the contract foodservice operator is not financially responsible for the food; instead, the client (State College) pays the distributor for the product. This is a special foodservice scenario called "Client Pay."

In Business Model 6, the contract foodservice operator contracts with State College ("the client") to provide foodservices to the students and faculty ("the consumers") at the Student Union Cafe. A manufacturer with a single manufacturing plant/warehouse sells product to a distributor who has one distribution center. The distributor sells product to the client (State College), delivering it to the location where the product is consumed. The contract foodservice operator uses the product to cook meals they sell to the consumers. There is also a contract between the manufacturer and the client. Therefore, there are two contracts in this model: the service contract between the client and the contract foodservice operator, and the sales contract between the client and the manufacturer.

Figure 7-6 Contract Foodservice Operator with Client Pay



Key Considerations for Business Model 6:

- Identifying parties when drafting contracts
- Communicating contract information to trading partners
- Aligning shipping and receiving location identifiers used by trading partners to support traceability
- Implementing contractual pricing
- Sales reporting and billback processing

Table 7-7 Recommended GLNs for Business Model 6

	Assign GLNs to…	Can be used as…	To support…
Manufacturer	Corporate entity	Contractual party	Contract terms
	Manufacturing plant / warehouse	Ship-from location	Product movement Traceability
	Accounts receivable	Remit-to location	Financial transactions
	Billback department	Report-to location	Contract implementation
Distributor	Corporate entity		
	Distribution center	Ship-to/Ship-from location	Product movement Traceability
	Accounts payable	Bill-to location	Financial transactions
	Accounts receivable	Remit-to location	Financial transactions
Client	Corporate entity	Contractual party	Contract terms
	Student Union	Contractual location	Contract terms
	Student Union Cafe	Ship-to location	Product movement Traceability Contract implementation
	Accounts payable	Bill-to location	Financial transactions
Operator	Corporate entity	Contractual party	Contract terms
	Education Group (division)	Contractual party	Contract terms
	Accounts receivable	Remit-to location	Financial transactions

7.4 Group Purchasing Organization

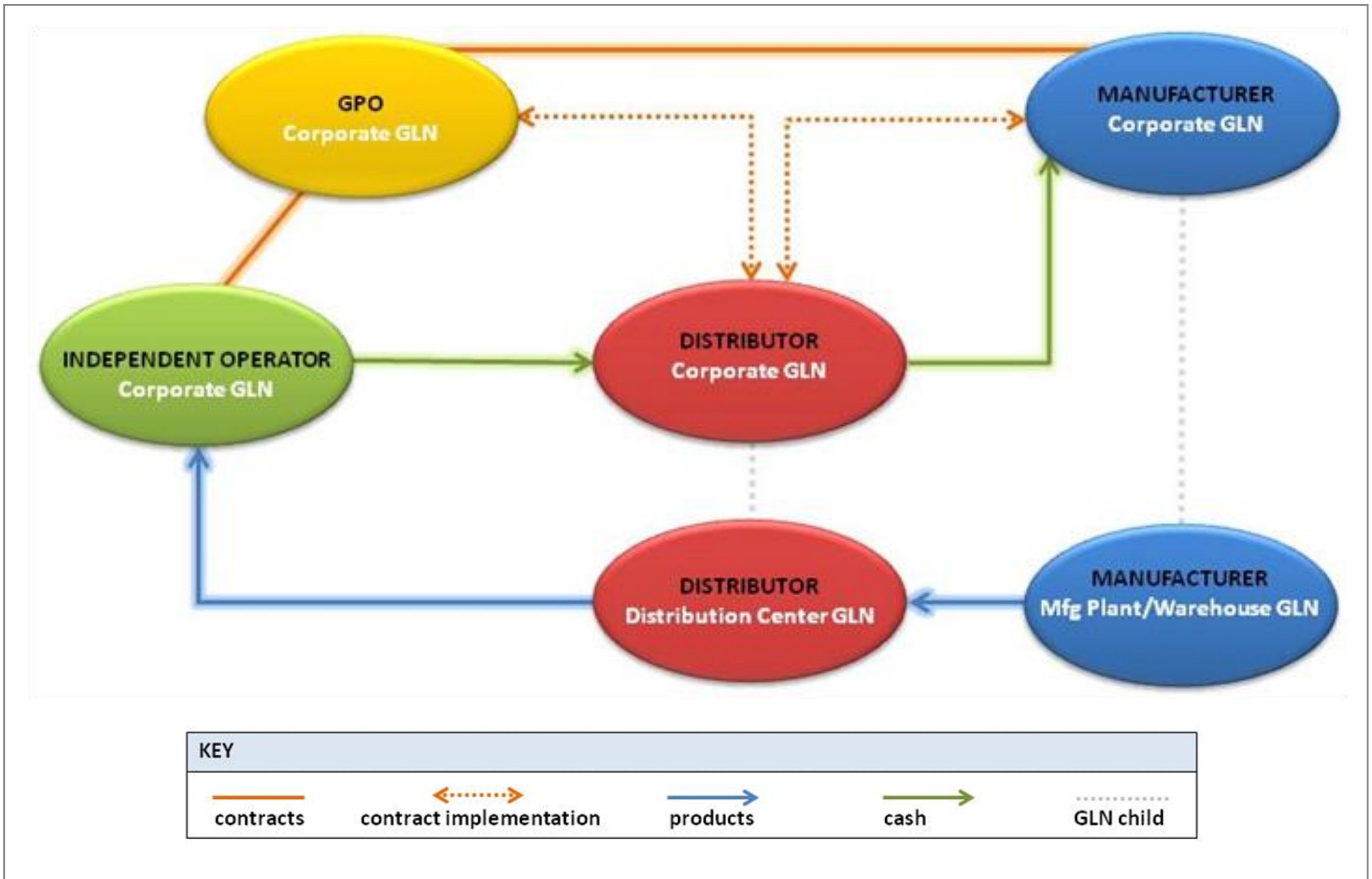
A group purchasing organization (GPO) is an organization in the supply chain that creates contracts with manufacturers on behalf of operators. The previous use cases did not involve a GPO. However, all of the previous use cases can also occur with a GPO, as presented in the business models in this section.

7.4.1 Business Model 7: Independent Operator Using a GPO

Business Model 7 illustrates an independent operator utilizing a GPO. In this model, the operator is a member of (i.e., contracts with) a GPO, and the GPO has a contract with the manufacturer. The manufacturer with a single manufacturing plant/warehouse sells product to a distributor who has one distribution center. The distributor sells product to the operator, delivering it to the location where the product is consumed. (The operator pays for the product provided by the distributor.) Therefore, there are two contracts in this model: the membership contract between the operator and the GPO, and the sales contract between the GPO and the manufacturer.

Note: Independent operators may be small, unfamiliar with GLNs, and/or unwilling to assign a GLN for themselves. To respond to this challenge, there are two options for assigning a GLN to independent operators. Option 1 is the preferred approach where the operator assigns a GLN for themselves. Option 2 is another approach where the GPO contacts GS1 US to assign a GLN to the operator for use in all supply chain transactions.

Figure 7-7 Independent Operator Using a GPO



Key Considerations for Business Model 7:

- Identifying parties when drafting contracts
- Keeping information about the parties to the contract up-to-date
- Communicating contract information to trading partners
- Aligning shipping and receiving location identifiers used by trading partners to support traceability
- Implementing contractual pricing
- Aligning distributor Ship-to's with GPO identifiers for invoicing and payables
- Sales reporting and billback processing

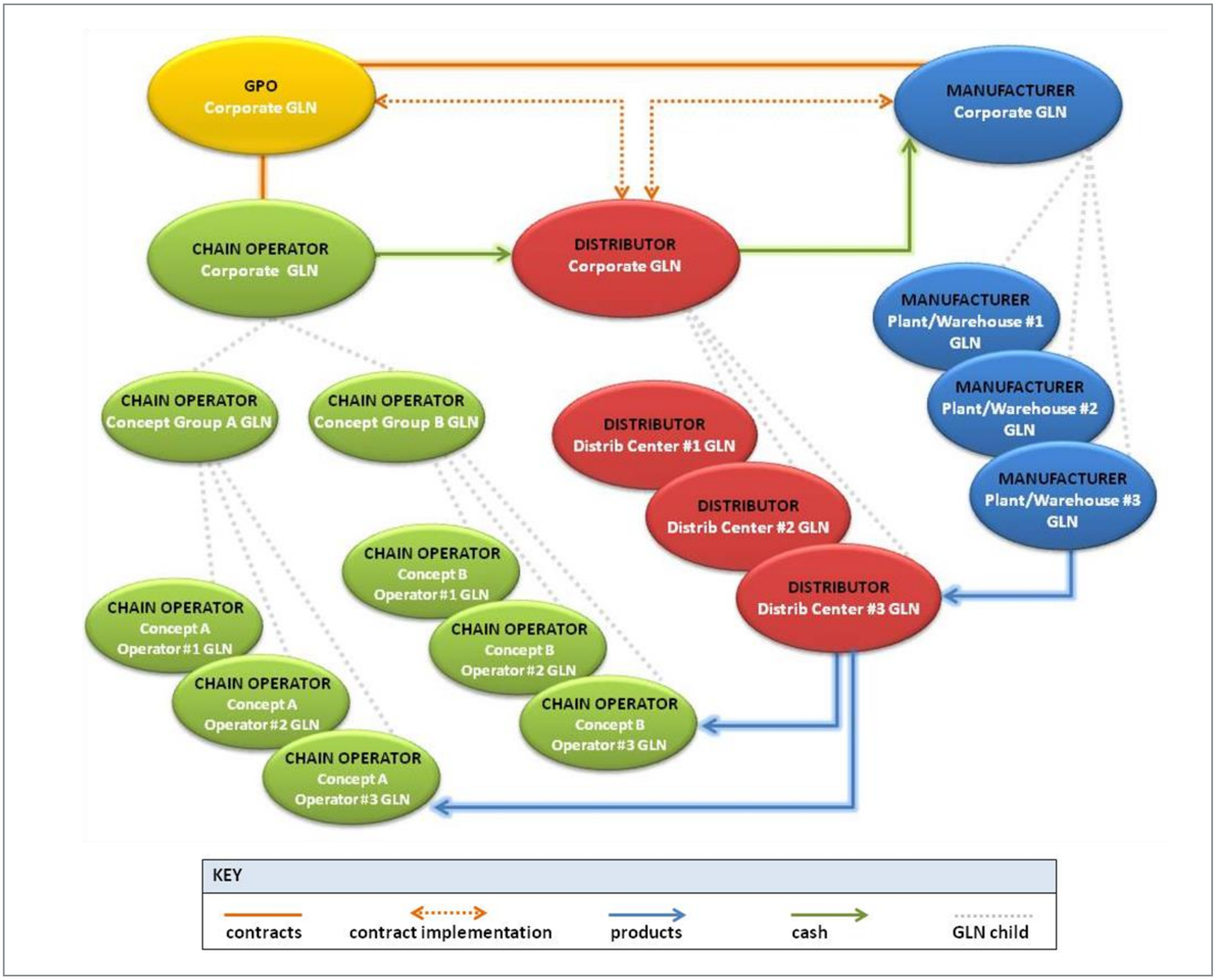
Table 7-8 Recommended GLNs for Business Model 7

	Assign GLNs to…	Can be used as…	To support…
Manufacturer	Corporate entity	Contractual party	Contract terms
	Manufacturing plant / warehouse	Ship-from location	Product movement Traceability
	Accounts receivable	Remit-to location	Financial transactions
	Billback department	Report-to location	Contract implementation
Distributor	Corporate entity		
	Distribution center	Ship-to / Ship-from location	Product movement Traceability
	Accounts payable	Bill-to location	Financial transactions
	Accounts receivable	Remit-to location	Financial transactions
GPO	Corporate entity	Contractual party	Contract terms
	Accounts receivable	Remit-to location	Financial transactions
	Accounts payable	Bill-to location	Financial transactions
Operator	Operator location	Ship-to / Bill-to	Contract terms Product movement Traceability Contract implementation Financial transactions

7.4.2 Business Model 8: Chain Operator Using a GPO

Business Model 8 illustrates a chain operator group utilizing a GPO. In this model, the chain operator group is a member of a GPO, and the GPO has a contract with the manufacturer. The chain operator group has two concepts, and multiple restaurants for each concept. The manufacturer with multiple manufacturing plants/warehouses sells product to a distributor who has multiple distribution centers. The distributor sells product to the operator, delivering it to the location where the product is consumed. Therefore, there are two contracts in this model: the membership contract between the chain operator group and the GPO, and the sales contract between the GPO and the manufacturer.

Figure 7-8 Chain Operator Using a GPO



Key Considerations for Business Model 8:

- Identifying parties when drafting contracts
- Keeping information about the parties to a contract up-to-date
- Communicating contract information to trading partners
- Managing inbound and outbound logistics
- Specifying precise receiving points at facilities to streamline receiving processes
- Aligning shipping and receiving location identifiers used by trading partners to support traceability
- Implementing contractual pricing
- Aligning distributor Ship-to's with GPO identifiers for invoicing and payables
- Sales reporting and billback processing

Table 7-9 Recommended GLNs for Business Model 8

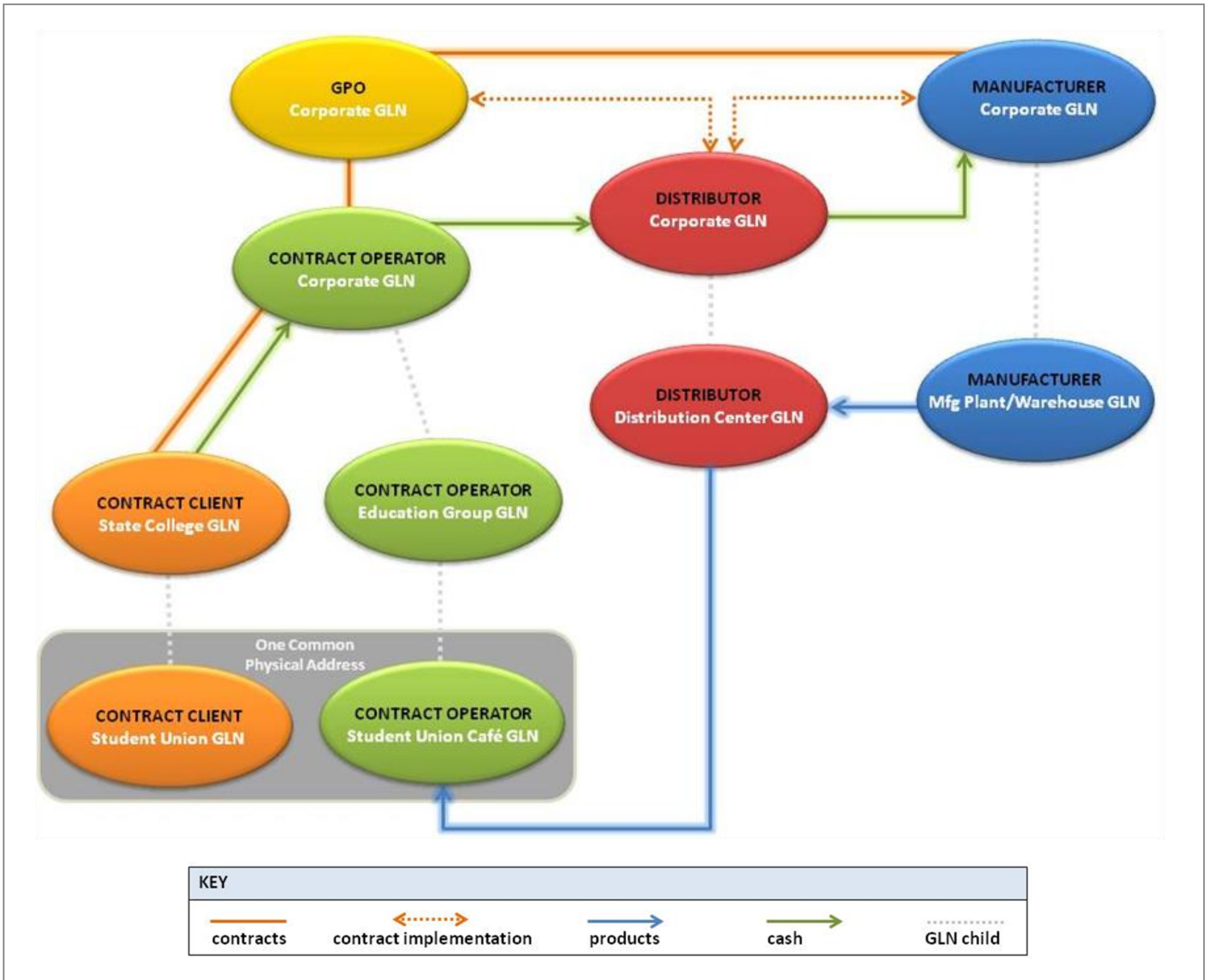
	Assign GLNs to…	Can be used as…	To support…
Manufacturer	Corporate entity	Contractual party	Contract terms
	Manufacturing plant #1	Ship-from location	Product movement Traceability
	Manufacturing plant #2	Ship-from location	Product movement Traceability
	Manufacturing plant #3	Ship-from location	Product movement Traceability
	Accounts receivable	Remit-to location	Financial transactions
	Billback department	Report-to location	Contract implementation
Distributor	Corporate entity		
	Distribution center #1	Ship-to/Ship-from location	Product movement Traceability
	Distribution center #2	Ship-to/Ship-from location	Product movement Traceability
	Distribution center #3	Ship-to/Ship-from location	Product movement Traceability
	Accounts payable	Bill-to location	Financial transactions
	Accounts receivable	Remit-to location	Financial transactions
GPO	Corporate entity	Contractual party	Contract terms
	Accounts receivable	Remit-to location	Financial transactions
	Accounts payable	Bill-to location	Financial transactions
Operator	Corporate entity	Contractual party	Contract terms
	Chain Concept A	Contractual party	Contract terms
	Chain Concept B	Contractual party	Contract terms
	Chain Concept A - Restaurant 1	Ship-to location	Product movement Traceability Contract implementation
	Chain Concept A - Restaurant 2	Ship-to location	Product movement Traceability Contract implementation
	Chain Concept A - Restaurant 3	Ship-to location	Product movement Traceability Contract implementation
	Chain Concept B - Restaurant 1	Ship-to location	Product movement Traceability Contract implementation
	Chain Concept B - Restaurant 2	Ship-to location	Product movement Traceability Contract implementation
	Chain Concept B - Restaurant 3	Ship-to location	Product movement Traceability Contract implementation
	Accounts payable	Bill-to location	Financial transactions

7.4.3 Business Model 9: Contract Foodservice Operator Using a GPO

Business Model 9 illustrates a contract foodservice operator utilizing a GPO. In this model, the contract foodservice corporation contracts with State College (the client) to service a coffee shop in the student union. The contract foodservice corporation is a member of a GPO, and the GPO has a contract with the manufacturer. In this model, a manufacturer with a single manufacturing plant/warehouse sells product to a distributor who has one distribution center. The distributor sells product to the contract foodservice operator, delivering it to the location where the product is consumed.

Therefore, there are three contracts in this model: the membership contract between the contract foodservice corporation and the GPO, the sales contract between the GPO and the manufacturer, and the service contract between the contract foodservice corporation and their client.

Figure 7-9 Contract Foodservice Operator Using a GPO



Key Considerations for Business Model 9:

- Identifying parties when drafting contracts
- Keeping information about the parties to a contract up-to-date
- Communicating contract information to trading partners
- Aligning shipping and receiving location identifiers used by trading partners to support traceability
- Implementing contractual pricing
- Aligning distributor Ship-to's with GPO identifiers for invoicing and payables
- Sales reporting and billback processing

Table 7-10 Recommended GLNs for Business Model 9

	Assign GLNs to…	Can be used as…	To support…
Manufacturer	Corporate entity	Contractual party	Contract terms
	Manufacturing plant	Ship-from location	Product movement Traceability
	Accounts receivable	Remit-to location	Financial transactions
	Billback department	Report-to location	Contract implementation
Distributor	Corporate entity		
	Distribution center	Ship-to/Ship-from location	Product movement Traceability
	Accounts payable	Bill-to location	Financial transactions
	Accounts receivable	Remit-to location	Financial transactions
GPO	Corporate entity	Contractual party	Contract terms
	Accounts receivable	Remit-to location	Financial transactions
	Accounts payable	Bill-to location	Financial transactions
Operator	Corporate entity	Contractual party	Contract terms
	Education Group	Contractual party	Contract terms
	Coffee Shop	Ship-to location	Product movement Traceability Contract implementation
	Accounts payable	Bill-to location	Financial transactions
	Accounts receivable	Remit-to location	Financial transactions
Client	Corporate entity	Contractual party	Contracts
	Student Union	Contractual location	Contract terms
	Accounts payable	Bill-to location	Financial transactions

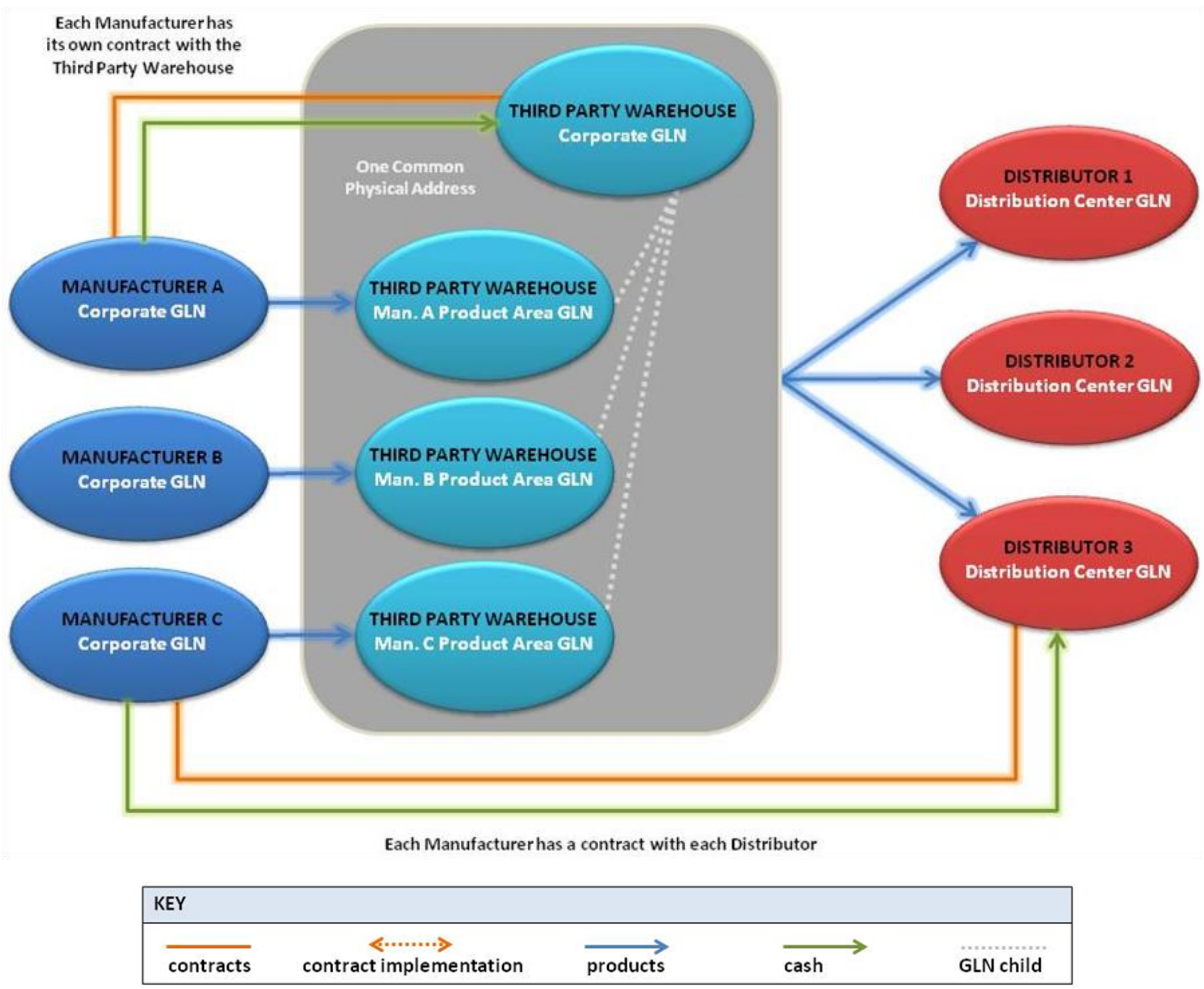
7.5 Third Party Warehouse

Third party warehouses are often used in the food service supply chain. Third party warehouses store products for multiple manufacturers and ship to multiple distributors. While the model below pertains to manufacturers, distributors may also use this third party warehouse model for their operations. In this type of model, there are contracts between the third party warehouse and the manufacturers.

7.5.1 Business Model 10: Third Party Warehouses in the Supply Chain

Business Model 10 illustrates the use of a third party warehouse in the foodservice supply chain. In this model, the third party warehouse has contracts with three manufacturers to store and ship product. In addition, each manufacturer has a contract with three different distributors. Each manufacturer ships products to the third party warehouse for storage. The third party warehouse stores the product, and delivers it to the distributors per their contracts with manufacturers. Therefore, there are two types of contracts in this model: the service contracts between the third party warehouse and the manufacturer, and the sales contracts between the manufacturers and the distributors.

Figure 7-10 Third Party Warehouses in the Supply Chain



Key Considerations for Business Model 10:

- Identifying parties when drafting contracts
- Communicating contract information to trading partners
- Managing inbound and outbound logistics
- Specifying precise receiving points at facilities to streamline receiving processes
- Aligning shipping and receiving location identifiers used by trading partners to support traceability

Table 7-11 Recommended GLNs for Business Model 10

	Assign GLNs to…	Can be used as…	To support…
Each Manufacturer	Corporate entity	Contractual party	Contract terms
	Manufacturing plant / warehouse	Ship-from location	Product movement Traceability
	Accounts receivable	Remit-to location	Financial transactions
	Accounts payable	Bill-to location	Financial transactions
Third Party Warehouse	Corporate entity	Contractual party	Contract terms
	Manufacturer A Receiving Area	Ship-to location	Product movement Traceability
	Manufacturer B Receiving Area	Ship-to location	Product movement Traceability
	Manufacturer C Receiving Area	Ship-to location	Product movement Traceability
	Outbound Shipping Docks	Ship-from location	Product movement Traceability
	Accounts receivable	Remit-to location	Financial transactions
Each Distributor	Corporate entity	Contractual party	Contract terms
	Distribution center	Ship-to / Ship-from location	Product movement Traceability
	Accounts payable	Bill-to location	Financial transactions

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