Track 1: Allocation of costs to stores

1. AdDept files:
   a. All permanent files in AdDept start with the letter D, which stands for department – as opposed to agency. The next letter is M for media, P for production, or A for accounting.
   b. All permanent files in AdDept reside in a library named TSIDATA.
   c. All AdDept files have one member and one format.

2. AdDept uses the concept of "pub" as a vehicle for allocating costs to stores. Pub definitions are stored on DMPUB.
   a. In ROP a pub has been created for each newspaper. In a few cases a second "variation" may have been created when different treatments are required for different types of ads (e.g., ones in the Sunday TV magazines).
   b. In inserts a variation has been created for each newspaper. Additional variation may be created for zoning, TMC, etc. Pubs have also been created to hold the store copies. The pub ID's of the latter consist of S and the store number right-justified to four digits (e.g., S0205).
   c. In direct mail a pub ID has been created for each store. The pub ID consists of D and the store number right-justified to four digits (e.g., D0205).
   d. In broadcast a pub ID is associated with each market.
   e. In other media pub ID's have been created as needed. In some cases the pubs are at the store level (E plus the store number for special events; B plus the store number for billboards). In other cases they are at higher levels.

3. Rules for allocation of costs:
   a. Direct media costs (newspaper costs and invoices from the ad agency that cover radio and television time) will be allocated among the stores assigned to the specific pubs.
   b. Direct non-media costs (which in AdDept are called production costs) will be allocated to pubs using the following rules (which are stored on the DMEXPCL, the expense class table):
      1) ROP has no direct non-media costs.
      2) Insert and direct mail costs will be allocated based on quantities on an ad-by-ad basis.
      3) Broadcast costs will be allocated based on media dollars on an ad-by-ad basis.
      4) Direct costs in other media will be allocated based on quantities on an ad-by-ad basis.
   c. Note: Creative costs (models, stylists, photography, etc.) will be directly allocated only if they are attributed to a specific ad. This means that ROP creative costs will not be allocated.
   d. "Media indirect" costs:
      1) These expenses or credits are from one media vendor, typically a newspaper. Examples are rebates and short run charges. Service charges and classified ads can also fall into this category.
      2) They are allocated to the stores associated with the one pub associated with the vendor using the A allocation in effect on the posting date of the invoice.

      3) Care must be taken with vendors which have more than one pub. It may be necessary to set up new vendor codes in TSI to handle if the media indirect cost is not for the one pub on the vendor table.

    e. The treatment of semi-direct (specific media) and indirect (overhead) costs has not yet been determined.

      1) Semi-direct costs can be allocated based on total advertising costs in each media. Thus a store that is charged with X% of the ROP direct costs in a month would also receive X% of the ROP semi-direct costs.

      2) Indirect costs can be allocated based on total advertising costs. Thus a store that is charged with Y% of the direct and semi-direct costs in a month would also receive Y% of the indirect costs.

      3) If indirects and semi-directs are based on usage, the journal entries cannot be created until the store cost accounting has been run and checked.

      4) If there are any indirect or semi-direct expenses that are not expensed in the month that they are paid, some action is necessary. **Possible action item.**

        a) Prepaid indirects are expensed in a subsequent month. An example of this would be a deposit.

        b) Amortized indirects are broken out over a number of months. Stage stores amortizes maintenance contracts.

    f. Co-op will be allocated in the same way as production costs. ROP co-op will be allocated based on direct media dollars on an ad-by-ad basis.

4. Costs and co-op will always be allocated among stores that are associated with the pub as of the date that the ad runs, even if the invoices are processed in a subsequent month or season. The percentages for this allocation are stored on the file name DMPUBST.

    a. The key to this file is the pub ID, the pub variation number, the store allocation code (which is currently always A), and the date.

    b. This file can be maintained using option 12 on menu MTABLE. The same program is option 31 on menu TABLES. You can run it from any menu by keying in WRKPUBSTA.

    c. You can print a list of pubs that are missing store allocations on ads running in a specified season using option 7 on menu DAYEND. This list must be empty for the store allocations to work. It should be checked often.

5. A list of stores can be provided for each pub in AdDept. This list, which is not date-sensitive, is stored on DMPUBSTM. To date we have not bothered with this table.

    a. You can maintain it by running sub-option 8 in the WRKPUB program.

    b. A list of pubs with their stores can be printed using option 4 on the PUBLIS menu. At Belk this list will be very long. You may want to devise a set of queries to do this for you.

    c. A list of stores with their pubs can be printed using option 22 on the ALISTS menu. At Belk this list will be very long. You may want to devise a set of queries to do this for you.

    d. A list of pubs which have no stores can be printed using option 29 on menu DAYEND.

    e. The DMPUBSTM file can be used to create new pub-store allocations on DMPUBST.

1) The program that creates allocation records on DMPUBST requires that sales by store by month be entered into AdDept on the SALES menu or uploaded from another system into DASLSMOS.
2) The program writes one record on DMPUBST for each store on the DMPUBSTM list for each pub. The percentages are based on sales.
3) After the allocations have been created, they can be fine-tuned if necessary.
4) If this approach seems feasible, a plan should be put into place for doing so on a timely basis. AdDept has several ways of doing this – monthly or by season, using plan or last month's actuals.

6. When a store is closed,
   a. Call up the record on the store table. Enter the Date Closed.
   b. If pubs are no longer needed, remove them from the pub groups that they are in.
      1) You can view a list of pub groups for a pub using option 13 inside the WRKPUB program.
      2) Do NOT delete the pubs. They will be needed for historical reports.
   c. A new pub-store allocation record must be created for each pub with which the store was associated.
      1) Run the program described in Section 4. Use the day after the last day of advertising for the store as the effective date. Model the new allocation after the most recent one for each pub.
      2) Remove the store by blanking out the sequence number.
      3) Press F8 to recalculate percentages.
      4) Press F3 to save and exit.

7. When a store is opened,
   a. Create a new record on the store table.
   b. A pub must be created for direct mail (D####) and store copies (S####). At the same time you can create one-store lists in option 8 of the WRKPUB menu. Then use the program described in section 4 to create 100% pub-store allocation records on DMPUBST.
   c. New pubs should be added if necessary. Create the store lists and pub-store allocation records as needed.
   d. The store should be added to the list of stores for each pub with which it should be associated.
   e. New pub-store allocation records should be created as of the date that advertising includes the store.

8. Journal entries:
   a. For media invoices the expense invoice interface will create tag-along journal entry records for the A/P item at the store level.
   b. Production invoices will be posted to prepaid accounts. The prepaid account can be specified on each sub-account. The accounts for prepaid postage and bulk paper will be specified on those sub-accounts.

   c. Accrual journal entries for media and production expenses will be provided at month end at the store level. The program designed for Stage Stores will be enhanced to provide a uploadable file in the prescribed format.

      1) A media schedule item with a run date after the cutoff date will be accrued until it has an expense invoice associated with it.

      2) A production purchase order line will be accrued until it is closed.

   d. Journal entries to move production expenses from prepaid to expense will be provided at month end at the store level.

      1) Two sets of entries will be made:

         a) All non-media expenses for jobs closing this month.

         b) All invoices posted this month for jobs closed in previous month.

      2) One debit entry per store per expense account. One credit entry per prepaid account.

   e. Accrual journal entries for co-op will be provided at month end at the store level. The current programs provide a set of reports and an uploadable file. Changes:

      1) Change the definition of co-op to be accrued to "unbilled contracts for items which have already run." **TSI action item.**

      2) Change the upload file to the prescribed format. **TSI action item.**

   f. A list of invoices posted during the month will be provided. It will be sorted by expense class, ad number, and sub-account.

Track 2: Broadcast

1. Pubs for broadcast have been created at the market level. Stores have been associated with each pub.

2. One cost category for broadcast production has been set up for radio and for TV. The program to work on cost categories is option 9 on menu TABLES and option 1 on menu PTABLE. You can also run it by keying in WRKCC at any menu.

3. Ads must be created for each broadcast spot. Schedules with dollars by market are required.

4. Purchase orders and invoices should be entered for production costs for broadcast. The rules for entry follow the same guidelines as described in the direct mail track.

5. AdDept does not have many reports for broadcast. They are on the MBRREPTS menu.

Track 3: Direct Mail

1. Cost categories have been set up for direct mail.

2. Pubs have been set up for direct mail. The pub ID's are D and the store number left justified to four digits (e.g., D0205). Stores have been associated with those pubs.

3. Ads have been entered for direct mail. Quantities by market must somehow be obtained for each ad. These are entered in option 2 of WRKADS. **This is potentially a show-stopper.**

4. Estimates/projections should be entered for production costs for each 041 insert and direct mail piece in option 28 of WRKADS.

5. Before the end of the month that each piece runs, purchase orders must be created for each category which has not had an invoice posted against it.
   a. P.O.'s can be entered either through the PO menu or through option 26 of WRKADS.
   b. P.O.'s can either be posted to real vendors or to blanket vendors.
   c. Invoices can be posted against purchase orders even if the vendor does not match.
   d. A policy should be set up for each category.
      1) P.O.'s (or at least the appropriate lines) for real vendors are ordinarily closed by the invoice.
      2) P.O.'s for blanket vendors are ordinarily left open. The Apply amount is the invoice amount.
      3) A process should be set up for making sure that the blanket P.O.'s are eventually closed. This is done by recording an invoice for $0.

6. Reports for checking direct mail are on the BELKDM menu.

Track 4: Expense Invoice Interface

1. An ongoing process for using the expense invoice interface should be established.
    a. Invoices are not immediately uploaded.
        1) A flag on the invoice determines whether it will be uploaded. Some items, such as corporate charges, postage, and uses of bulk paper, should not be uploaded.
        2) A program on the FINIFACE menu is used to select items for "finalizing."
            a) A database file in the TSILAWFILE library contains the finalized invoices.
            b) This file is converted into a comma-delimited file in the IFS. The name of the file should be meaningful and should include the date. It should end in .csv.
    b. How often will the upload be done – daily, weekly, on demand? **Action item.**
    c. Someone must be trained on how to use the expense invoice interface. **Action item.**
    d. The file will be in CSV format on the AS/400's IFS. Someone in accounts payable must be informed to pick up the file.
    e. The program automatically deletes any existing records in the file. Therefore, it is critical that the previous file be completely processed before a new file is sent over.
    f. Invoices can be "unfinalized" one at a time using the program on the FINIFACE menu. Care should be taken to make sure that the system stays in synch with Lawson.

2. The kickback process must be established.

Track 5: Journal Entry Interface

1. The interface will create an AS/400 file. The process for getting the file to a place that is accessible to the general ledger system must be defined.

2. Test files must be created and sent to the general ledger system for evaluation.

3. The kickback process must be established.

Track 6: Miscellaneous

1. TSI must train someone on the lock-out. This program prevents people from working on ads and transactions in AdDept in closed months. **Action item.**