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Contract Review of Customer Orders

1. Purpose and Scope

PURPOSE

This work instruction ensures customer requirements are fully understood and current company capabilities are sufficient to meet them before a contract or customer purchase order is accepted.

SCOPE

This work instruction applies to quotations and customer order requirements, as well as contract changes and cancellations.

NOTE

While it is the desire of Insulation Supply Company to have written customer documents (requests for quote, purchase orders, contracts, specifications, etc) in hand prior to transacting business, it is not our policy to refuse business due to the lack of such documentation unless there are compelling reasons such as special material requirements, large dollar amount, known past problems or other considerations associated with particular customers or products. It is accepted that many customers either do not provide documentation within a time frame consistent with their desired on-dock dates, or may not provide documents at all as a matter of policy. We encourage our customers to provide written documents for all transactions but we neither require nor demand they do so. As such, we are very often required to capture relevant information via voice communications with the customers, buyers or representatives. It is primarily up to our sales personnel to exercise due diligence while determining customer needs verbally.

2. Definitions

Contract Agreement between a buyer and seller for the sale of products with certain specified requirements, under agreed terms and conditions of sale.

Contract Review Systematic activities carried out by the supplier before signing the contract to ensure that requirements for quality are adequately defined, free from ambiguity, documented and can be realized by the supplier.

Feasibility A determination that a process, design, procedure or plan can be successfully accomplished in the required time frame.

RFQ (ISO 9000:2000) A request for quotation for products or services from. Written RFQ's may be received via mail, facsimile, Internet or other printable electronic media or may be verbal.

T&C Procurement Terms and Conditions printed on or attached to Customer Purchase Order that become

3. Responsibilities

CSR Customer Service Representative

CSR or ISR Customer Service Rep or Inside Sales Rep

ISR Inside Sales Representative

Note: Printed versions of this document are uncontrolled. The published Web version (Internet or Intranet) is assumed to be current.

4. Authority

ISM Inside Sale Mgr

5. Instructions

1. ISR Quote Price, Delivery, Product Characteristics, T&Cs

ISR Quote Price, Delivery, Product Characteristics, T&Cs; on Customer Requested Product

- A. Receives verbal or written request for quotation. If verbal, asks the customer to provide information including: specification or part number and revision level; quantity; certification type; test report needs; marking and packaging; source inspection or other verification requirements; material on-dock due dates; method of shipment; requests written copy.
- B. If written copy of purchase not required by customer ISR shall enter quote/order in quotation system and make notations of customer requirements per (1A) and send copy of quote to customer for verification before order can be shipped.

2.)

A. If provided in written form (mail, fax, e-mail, Internet or electronic data interchange), follows instructions provided. If more information is required or if it suspected that relevant information is missing from the documents, asks questions outlined in (A 1) of this section.

B. Enters customer and requirements information into the computer bid entry system (See online documentation for instructions).

1.) For standard product (normally stocked or catalog items for which data is available in the system) enters into the computer bid system in real time. If there are too many items on the request for this to be practical, information may be recorded in a ruled notebook (to be kept for a minimum of 30 days after quoting to assure that key elements of the quote are not forgotten and are traceable) and then entered into the bid entry system as soon as possible.

2.)

A. For non-standard items for which pricing or specification information is not readily available, information may be recorded in a ruled notebook or other documents. Non-standard items require that our suppliers be contacted so we may properly quote their product.

B. Confirms that Insko has the capabilities to satisfy customer requirements.

1.) If there are questions regarding such capabilities, discusses and confirms with appropriate department head or company manager.

2.) If it is deemed that we do not have capabilities to satisfy requirements, the requirements are renegotiated or, failing that possibility, the item(s) or request for quotation are declined for bid. No bids (declined bids) are approved by the Inside Sales Manager or other company manager.

2. CSR or ISR Collects Information

CSR or ISR Collects Information on Customer Requirements and Enters Customer's Purchase Order Into Computer Order Entry System.

A. Enters order into computer system after verifying quoted or new requirements, (see section 4.1 [A 1] of this document). The CSR may enter the order into the computer system at the direction of the ISR.

1.) If previously entered into the bid system, converts the bid into an order. (see online documentation for instructions)

2.) If the order is new, enters customer account information into computer sales order entry system. (see online documentation for instructions)

3.) Advises or reminds customer of any Insko terms or conditions such as non-returnable or non-cancellable items, special financial terms or others.

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4.) Requests that the customer immediately fax a confirming purchase order with all relevant specifications, drawings, quality clauses and any special requirements. It is normally up to the customer to provide such documentation in time to verify information prior to order fulfillment. Some aerospace and other customers MUST provide written purchase orders prior to shipment of product.

5.) In the event the customer cannot or chooses not to provide a purchase order acknowledgement in a timely manner, ISR may optionally choose to create a free form sales acknowledgement if there is concern of misunderstanding or if special Insko terms and conditions will apply (i.e. - noncancelable items).

3. CSR or ISR Receives and Reviews PO and Confirms Customer Requirements

CSR or ISR Receives and Reviews PO and Confirms Customer Requirements:

A. Reviews Customer's purchase order for all customer requirements.

B. Whenever Customer requirements differ from INSCO capabilities, ISR contacts Customer and resolves all differences before accepting order.

C. Acknowledges (confirms) order acceptance on Customer's PO and faxes it back to Customer, if order document was faxed to us. Orders received by mail that have an acknowledgment copy attached are signed and returned by mail. Confirms in writing the agreed resolutions of any contract differences, in all cases.

D. Records any customer requirements in the sales order system.

E. Stamps and/or initials and dates customer purchase order documents to provide evidence that review has taken place. Note: When Customer's purchase order or order confirmation arrives at INSCO after the order has been entered, the ISR or CSR reviews and matches customer requirements to the sales order. Any discrepancies such as price, quantity, par number or revision, quality requirements, tax status, shipping address, delivery schedule or other data, must be resolved with the customer. The order must be placed on hold until such time as the issues are resolved. If the order is shipped and invoiced, any discrepancies must be entered into the DR system, the customer must be notified and issues resolved with the customer as mutually defined between Insulation Supply Company and the customer.

4. CSR Follows Progress of Order and Expedites

A. The CSR gathers information on orders coming due and orders that are past due by calling up the Expedite Report from the Sales module in the computer system.

B. Items that are determined to be late or appear to be at risk for being late are expedited.

1.) If the item(s) and proper documentation are in stock, the CSR handles the expedite investigation.

2.) If the item or documentation are pending delivery by our supplier, CSR notifies the purchasing department to expedite. The purchasing department will pass the requested information back to the CSR.

C. When updated delivery information is received by the CSR, the CSR notifies the customer verbally and requests an amended purchase order which reflects the new expected customer on-dock date.

D. Reviews picking queue in the Inventory module and tags and prints picking slips for the warehouse to pull and ship. (See online documentation)

5. CSR or ISR Processes Sales Order/Production Changes and Cancellations

A. Receives Customer change request or cancellation notice. (If verbal, requests written change request or cancellation notice from Customer)

B. For Production order changes, ISR completes "Production Rush Order/Change Request" and submits to Production Department for approval.

C. Notifies Customer of price or delivery impact due to change order/cancellation. D. Alerts INSCO departments affected by change order or cancellation.

E. Reviews requested changes in light of INSCO capabilities; resolves any differences with Customer before accepting order change or cancellation.

F. Enters change information into computer system.

G. Acknowledges change order or order cancellation in writing to Customer

H. Retains records and notes with Sales Order.

6. Policy References

This instruction has no policy references.

7. Procedure References

Contract Review QSP-7.2.101

8. Instruction References

No instructions are referenced by this instruction.

9. Other Reference Documents

ANSI/ISO/ASQ Q9001:2000 - Quality management systems: Requirements
Q9001:2000 INSCO Quality Policy Manual

10. Records

Production Rush/Change Request CMF-01 Retain for 1 year Computerized Online Order and Bid Entry System OES Indefinite

Purchasing Requirements for Cust. SpecialBuy PF-02 Retain for 7 Years

Supplier Request For Quote SF-02 Retain for 7 years

Return Authorization SF-04 Retain for 7 years

New COD/Credit Card Account Form SF-10 Retain for 7 years

Expedite Request SF-12 Retain for 7 years

Emergency Order Packing Slip SF-26 Retain for 7 years

Cutting and Marking Sales Order Worksheet SF-35 Retain for 7 years

New Part Number - Need To Be Built SF-38 Retain for 0 years –Disposable

Raychem Central Samples SF-39 Indefinite

11. Materials

No materials are identified for this instruction.

12. Tools

No tools are identified for this instruction.

13. Gages

No gages are identified for this instruction.

14. Safety Instructions

No safety instructions are identified for this instruction.

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15. Notes

Rev. E removed reference to form SF-37