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SHIPPING AND DELIVERY

Operational Procedure: OOP-15-04

Rev.: A

Pg. ~~11~~ of 3

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I PURPOSE

The purpose of this procedure is to provide for a system and instructions, and to assign responsibilities for:

- Shipping finished products to customers; and
- Monitoring on-time delivery performance.

II APPLICATION

This procedure applies to all products shipped to customers.

This procedure directly concerns Materials Control.

III PROCEDURE

1. Shipping

- 1.1 Transportation mode, routings, and containers are usually specified by the customer. If the customer does not specify any shipping requirements, Materials Control contacts the customer for shipping instructions, or for approval of transportation mode and shipper proposed by <COMPANY X> Inc.
- 1.2 Only orders that have been verified and signed off by the shipping supervisor can be loaded for shipment. Release of orders for shipment is evidenced by a sign-off in the shipping order.

2. Loading and Protection of Products

- 2.1 Shipping supervisor oversees loading and protection of product. As applicable, the supervisor verifies that containers are clean and not damaged, that pallets or packages are

Written by:

Original Issue Date:

Approved by:

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SHIPPING AND DELIVERY

Operational Procedure: OOP-15-04

Revision: A

Page 222 of 3

prevented from shifting or falling during transportation, that the load is properly fastened and is protected against the elements, and so forth.

3. Shipment Notification System

- 3.1 Immediately following dispatch of a shipment, Materials Control transmits to the customer an advance shipment notification (ASN).
- 3.2 At a minimum, ASN includes the following information: identification and labeling of the shipment, description of products and quantities, name of shipper, mode of transportation, route, container numbers, and estimated time of arrival. Other information about the shipment may be included as required by customers. Before the ASN is transmitted, the shipping supervisor verifies it against shipping documents and labels.
- 3.3 For major OEM customers, the advance shipment notification is transmitted via a computerized on-line system linked with the customer, or by other customer-specified means. In the event the on-line system fails, the ASN is transmitted via fax, followed up with a phone call to verify that the fax has been received and noted.

4. System for Ensuring On-Time Delivery

- 4.1 <COMPANY X> Inc. recognizes that 100 percent on-time delivery is crucial for customers to meet their production and service requirements.
- 4.2 Production is order-driven, i.e., production runs are scheduled to meet current and projected orders. Inventory of finished products is kept at the absolute minimum level necessary to satisfy short-term delivery schedules.
- 4.3 Materials Control and Production establish lead time requirements for material procurement and production. The established lead times are used in developing the production schedule.
- 4.4 Adherence to the production schedule is monitored by Production. If the schedule is not maintained, the reasons for deviations are investigated and corrective actions are implemented when appropriate.

5. Delivery Performance Monitoring

- 5.1 Materials Control collects delivery performance data. The data is compiled monthly into a report providing overview and statistics of delivery performance. If on-time delivery performance is less than 100 percent, the late deliveries are highlighted and are explained in the report.
- 5.2 Quality Assurance investigates every instance of a late delivery. When appropriate, Quality Assurance requests implementation of corrective and/or preventive actions to improve delivery performance.

SHIPPING AND DELIVERY

Operational Procedure: OOP-15-04

Revision: A

Page 322 of 3

- 5.3 Delivery performance reports, together with other company-level quality performance data, are submitted for management reviews (refer to Procedure AOP-01-03 Management Review).
- 5.4 Improvement of on-time delivery performance is an important element in the continuous improvement program (refer to Procedure QOP-22-01 Continuous Improvement).

IV ASSOCIATED DOCUMENTS

- Product Handling & Preservation — Oper. Proc. OOP-15-01
- Shipping and Delivery — Oper. Proc. OOP-15-04