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## 1.0 Purpose

The purpose of this procedure is to define the process that Product Resources uses to review product requirements.

## 2.0 Related Documents

43-2333, Order Confirmation  
43-4497, Creating Customers in SyteLine

## 3.0 Procedure

The process that is followed is determined by the type of product. If it is a Standard Product, which has been built before and is already defined, we follow the process described in 3.1. If it is a Custom Product, which has not been built before and needs to be defined (services are included in this category), we follow the process described in 3.2.

It is assumed that at this point Product Resources is working to deliver a Quote to the customer. Upon completion of this procedure a Quote will be delivered to the customer. In the Standard Product process a Quote may not be necessary and only an order confirmation required; see below.

### 3.1 Standard Product Procedure

Upon receiving the customer purchase order to order more of a Standard Product, the following questions must be answered:

- Can the product requested still be provided? In other words, has it been marked as obsolete? (Note that some products marked as obsolete can actually be built if there is a sufficient order size to justify putting the item back in production. Sales is to obtain Manufacturing's approval if continuing the order as a Standard Product for such an item marked obsolete. Otherwise, the Custom Product path must be taken.)
- Is the product requested at the same revision level as when Product Resources last built it? If not, the Custom Product path must be taken.
- Is the pricing still valid? If not, the Standard Product may need to be re-quoted.

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- Can Product Resources make the quantities and meet the delivery dates? The Material Availability Report in the manufacturing computer system is used for this determination. A record is made of the results of this report. Manufacturing is brought in when there is a discrepancy between the report and the customer request and at any other time at Sales' discretion.

If all is in order, this process ends with the creation of a sales order (customer order) in the ERP system and delivery of an order confirmation to the customer. Otherwise, discrepancies must be resolved or a re-quote must be delivered to the customer. This process may need to be repeated to be able to ultimately create a sales order and deliver an order confirmation.

The work instructions document 43-2333, Order Confirmation, describes in detail the order confirmation process and the verification that must take place before confirming.

### 3.2 Custom Product Procedure

The process of establishing a comprehensive quotation (the output of this section) is still a collaborative effort between Sales/Marketing, Finance, Purchasing, Manufacturing, Quality, and Engineering. However, at this point in the process the overall task can be divided into sub-tasks, and principal contributor or responsible party can be assigned. The overall responsibility for this procedure is assigned to Sales/Marketing.

#### 3.2.1 Input

The input discussed in document 90-2000-7.2.1 carries forward. This includes the initial draft of the Statement of Work. As in 90-2000-7.2.1, the Statement of Work may be written into the Quote instead of being a standalone document, particularly for projects that are not large. The input also includes copies of all relevant correspondence from the customer.

#### 3.2.2 Sub-Tasks

All sub-tasks will be documented. The sub-tasks include the following:

*Development of a Detailed Statement of Work* The responsible party is Engineering. This sub-task should include information about the following:

- Tasks Explicitly Defined by the Customer

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- Tasks Implicitly Defined by the Customer
- Limitations or Scope (a list of tasks that may or may not have been defined but nonetheless are not included in Product Resources' offer)
- List of Specific Assumptions Made to Create the Statement of Work
- Assumption of the Degree of Freedom that Product Resources Has to Modify, Alter, or Create Documentation
- Regulatory Requirements (especially for product controlled under the ATEX Directive or the Medical Device Directive; Quality should be consulted in these cases)

*Establishment of Time and Materials Required for Nonrecurring Effort* The responsible part is Engineering. This sub-task should include information about the following:

- Time and Labor Required to Review Customer Documentation and to Resolve Issues
- Time and Labor Required to Enter Customer Documentation into the Product Resources Manufacturing Computer System and/or the Document Control System
- Time and Labor Required to Create a Bill of Materials (BOM) and to Enter the Material Descriptions into the Manufacturing Computer System
- Time and Labor Required to Create Routings in the Manufacturing Computer System
- Time and Labor Required to Create Additional Required Documentation Not Supplied by the Customer
- Time and Labor Required for Design and/or Other Services as Explicitly or Implicitly Requested by the Customer
- Cost and Availability of Tooling Required by Manufacturing (including the Test Department)

*Establishment of the Cost of Materials and Availability of Materials for the Product* The responsible party is Sales. This sub-task should include information about the following:

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- Expediting Fees
- Excess Materials
- List of Pre-Order Materials
- List of Materials Excluded from the Estimate (The most common reason for exclusion is that the materials are customer supplied.)

*Establishment of an Estimate of the Labor Required to Produce the Product or Provide the Service* Normally the responsible party is Manufacturing. In certain cases, such as design services, the responsible party may be Engineering.

*Establishment of a Reasonable Schedule to Produce the Product or Service* Normally the responsible party is Manufacturing. In certain cases, such as design services, the responsible party may be Engineering.

*Establishment of Financial Guidelines* It should be noted that such guidelines are expected to be established as company policies and reviewed on a routine basis. It is not expected that new guidelines are established for each custom product. The responsible party is Finance.

### 3.2.3 Output

The output of the process is a quotation and/or a contract. The responsible party is Sales/Marketing. The quotation shall be based on the inputs from the various sub-tasks defined above. Amortization of nonrecurring costs shall be based on reasonable estimates of both the volume realized and the potential business. The quotation will also take into consideration the overall business strategy and how the customer fits in this strategy. The quotation shall include these things but is not limited to them:

- *Price*
- *Delivery*
- *Statement of Work*
- *Generic Material Substitution Policy*
- *Payment Terms*

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- *Related Charges for Cancellation or Changing the Delivery Schedule*
- *Cost of Customer-Initiated In-Process Changes*
- *Cost of Orphan Materials Due to Cancellation or Changes* (see the above two items)
- *Policy Relative to Customer Supplied Materials* This section should include a list of customer supplied materials.

#### 3.2.4 Purchase Order, Sales Order, and Order Confirmation

If the quote is accepted, the customer places a purchase order, and this process ends with the creation of a sales order in the ERP system and delivery of an order confirmation to the customer. Otherwise, discrepancies may need to be resolved or a revised quotation may need to be delivered to the customer. This process may need to be repeated to be able to ultimately create a sales order and deliver an order confirmation.

The work instructions document 43-4497, Creating Customers in SyteLine, describes in detail the process for and the guidelines for the creation of customers in our ERP system.

The work instructions document 43-2333, Order Confirmation, describes in detail the order confirmation process and the verification that must take place before confirming.