

ordering and receiving goods

Session 5.1 Receiving Goods - The
Information Needs

Session 5.2 Checking Goods Received

Session 5.3 The use of Order and
Delivery Systems

SESSION 5.1RECEIVING GOODS - THE INFORMATION NEEDS

Objective: To enable trainees (i) to identify the specific data that are needed by a supply manager to control the ordering and receipt of goods and (ii) to design a single system which will provide all these data.

Time: One to two hours.

Material: Case study and examples of ordering and storage documentation.

Session Guide:

1) Ask trainees to suggest what information is needed in order to control the buying and receiving of products by a co-operative farm supply service. Encourage as many suggestions as possible. These may include:

- Description of the product.
- The supplier.
- Alternative suppliers.
- Price.
- The quantity and quality presently in stock.
- The quantity and quality already on order.
- The quantity and quality to be ordered.
- The date of the order.
- The quantity and quality delivered.
- The location of the goods in the store.
- The monthly consumption.
- The terms of delivery.
- The amount of money owing to the supplier.

2) Ask trainees what should be the objectives of an efficient co-operative farm supply ordering and receiving system.

- To buy goods at the best price.

- To buy the optimum quantities.
- To ensure that the correct quantities and qualities are delivered.
- To ensure that goods are stocked in the right place.
- To ensure that suppliers are paid what they are owed.

Ask trainees to "test" each of the information items mentioned under 1) to ensure that they actually contribute towards one of these objectives. Unnecessary data are expensive to collect and retain, and may prevent the collection and use of data which are needed.

- 3) Trainees should have been warned in advance to bring examples of their own documentation. Ask selected trainees to introduce their forms to the group, and to describe how these forms do or do not achieve the previously stated objectives. Documentation will probably include:

- Original order.
- Bin cards.
- Suppliers' delivery notes.
- Suppliers' invoices.
- Goods inspection notes.
- Suppliers' statements.
- Society payment advice.

- 4) Ask trainees to suggest common "gaps" in the information needs of a co-operative farm supply ordering and receiving system.

These may include:

- Location of goods is not indicated.
- The quality or quantity discrepancies are not discovered before the invoices are settled.
- No record of alternative suppliers' prices or performance is available.
- Goods can be ordered even though they are already on order, possibly from alternative suppliers.

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2) Ask trainees what should be the objectives of an efficient co-operative farm supply ordering and receiving system.

- To buy goods at the best price.

- 5) Distribute the case study. Divide trainees into small groups and ask them to design a simple but effective system which will provide all the necessary information for the Utopian Farm Supply Co-operative to achieve the objectives previously identified for an efficient Farm Supply Service.

Depending on the time available, groups should provide a list of the documentation and procedures and actual designs for the various documents. Each group should present its solution for discussion and comment. This could be done in the form of a "system game" whereby trainees enact for the rest of the trainees, the procedure and system they have designed, complete with documents, staff, etc. Trainees should evaluate the proposed systems through reference to the following questions:

- Does the system provide all the information required?
- Can the system easily be used by the staff available?
- Are any documents or procedures unnecessary?
- Are there any procedures which will cause unnecessary delays?

A possible system might be as follows:

Bin cards kept on all items in the warehouse, carrying the following information:

- Item code number (which itself identifies the location).
- A brief two to three word description.
- The normal order quantity and stock level at which a new order should be prepared.
- The date and quantity of goods received.
- The date and quantity of goods issued.
- The balance.

The procedure should work as follows:

- 1) The Warehouse Clerk should inspect all cards daily and note items to be ordered.

- 2) The Clerk should refer to the file kept for each item.
Such a file should contain:
 - a card recording all orders placed, with the quantity, the supplier's name and the price;
 - a copy of any order placed but not yet delivered, so that outstanding quantities can be kept up to date by the Clerk;
 - quotations and other information from alternative suppliers.

- 3) After checking on supplier details and orders already outstanding, the Clerk should prepare a three copy order containing the following information:
 - Order number.
 - Date.
 - Delivery date required.
 - Description of goods (including item code number).
 - Price.
 - Place to be delivered.
 - Quantity.
 - Any other terms which must be repeated.

- 4) After checking and signing by the Manager, or other responsible officer, copies should be despatched as follows:
 - one copy sent to the supplier;
 - one copy kept in the item file;
 - one copy sent to the Accounts Clerk.

- 5) Warehouse Clerk to continue to monitor his cards daily, and is thus reminded to "chase" orders placed but not delivered.

- 6) When goods are delivered:
 - Warehouse staff (a) unpack, (b) count, (c) inspect and (d) store the goods in the locations as identified by the item code number mentioned on the order.

- Warehouse staff give Clerk a note of (a) what has arrived, (b) in what quantities, (c) any quality problems. This may be done on a special form, or noted on the supplier's delivery note.
- Warehouse staff enter the quantity delivered on the bin card.
- The Clerk checks the delivery note against the copy of the order kept in the item file, and notes any discrepancies. He then passes it to the Accounts Clerk, along with the invoice if this arrives with the goods.
- The Accounts Clerk reconciles the invoice with the original order copy and annotated delivery note. He then settles the account accordingly.

Ensure that trainees appreciate:

- The need for simplicity.
- The need to adapt a system to the ability, literacy, etc., of the people who will be working with it.