10. MCI Sales Order Procedure SOP

1.0 PURPOSE

1.1 To define the process and procedure for processing customer Purchase Orders

2.0 RESPONSIBILITY

2.1 The CSE’s are responsible for managing this process.

2.2 The Order Entry Manager administers this process.

3.0 CRITERIA

3.1 Ensure prompt processing of sales orders

3.2 Ensure sales order details are correct

4.0 PROCESS (AS9120: 7.2.3)

4.1 Customer Sales Order

4.1.1 The CSE actions all Sales Orders.

4.1.2 A customer may create a Sales Order by confirming a Quote by telephone; however, MCI prefer written confirmation of the order giving the customer’s PO # by email or fax.

4.1.3 The CSE confirms the details of the Sales Order against the quote on the MCI system. If the details are different, then CSE contacts customer to review details in an attempt to complete the sale.

4.1.4 If the order contains an MCI manufactured cable assembly, the customer shall be informed that the cable assembly(s) are not certified under AS9120.

4.1.5 In any event, the CSE acknowledges receipt of the customer’s order so that the customer knows that their order is being processed.

4.1.6 When the Sales Order is confirmed, the CSE:
   i Closes out the quote on the MCI System to show quote is “Won”
   ii Prints customer’s written PO (if it exists)
   iii Pulls the hard-copy quote from quote file (if it exists)
   iv Adds P/N to MCI Order Form for purchase or replenishment if necessary
   v Completes “New Item Form” if P/N is not in MCI System
   vi Fills-in sales order form being careful to check:
      • Part Number
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- Quantity ordered
- Unit Price
- MCI Ship Date (also considering the shipping time needed to meet customers, “On Dock”, date)
- C of C or Manufacturer C of C if required
- Notify appropriate personnel of any applicable customer requirement change. Review Customer Terms and conditions if present on PO. If any of the customer’s PO requirements cannot be met, the sales personnel shall contact the customer in order to take an exception to the requirement. If an exception cannot be granted, then the PO cannot be accepted.
- Identify risk: check the customer’s ability to pay as well as our ability to deliver the product
- Customer credit status and payment method & any notes
  Check screen# 21 to check sales history of the customer. If 18 or more months have passed since last sale, then a credit application must be re-run.
- Customer tax status
- Delivery date (or scheduled delivery dates)
- Preferred delivery method (if any)
- Delivery and billing addresses (be aware that some customers have multiple locations)
- To include the correct FSE, if any, for that region to ensure commission
- Check the appropriate box on the Sales Order to denote if the order was obtained via a Quote or Phone quote, or Internet quote.
- If the Sales Order contains a cable assembly manufactured by MCI, then the CSE shall inform the customer that the cable assembly is NOT AS9120 certified. If the part does NOT state “AS9120 CERT” in the upper right corner of the 3 screen, then the CSE does not have to write it on the sales order. If an MCI cable assembly says “AS9120 CERT” on the 3 screen, then the item has to be updated using the Item Master and the CSE needs to make a note on sales order: “MCI Cable Assemblies are NOT AS9120 certified.”
- Note other customer requirements which may not be documented, if any (ex: verbal requests)

4.1.7 The CSE clips all attachments to the completed sales order and gives to the Order Entry Assistant. Once sales orders are entered into the system and filed they serve as records of contract review and acceptance.
4.1.8 Copies of trade and bank references are given to accounting to process when Terms of “Net 30” are requested.

- Note: New customers may only purchase using COD or Credit Card until credit limit is established by Accounting (14 or more, day process) CSE to request the following information / documentation:
  - Minimum of three Trade References
  - Bank Information
  - Resale / Tax Exempt Certificate

4.1.9 Order Entry Assistant:

i Enters sales order into MCI system and new part numbers and new customer information, if necessary. Ensures that any notes on the sales order referring to AS9120 certification are entered into the system and appear on the printed sales order.

ii If a new item is an MCI produced cable assembly, then the Order Entry Assistant shall ensure that the statement: “NOT AS9120 Certified” appears on the sales order.

iii Adds Sales Order # from MCI system to hardcopy sales order

iv Files sales order in Sales order file by customer name unless the ship date is for the same day, then Sales Order is given direct to Shipping.

4.1.10 Must Ship Orders:

i A “Must Ship” is defined as an order that the customer is requesting same-day or next day delivery on.

ii The CSE processes the order as described above but also marks and highlights the ship date as “Must”.

iii Prior to processing the order the CSE is to check the credit status of the customer and if it is determined that the order would need “Credit Approval” the CSE would submit to accounting for approval prior to processing the order.

4.2 Drop Shipments

4.2.1 Drop shipments (where our suppliers ship parts direct to our customers based on a MCI purchase order instruction) should be Avoided whenever possible; and only allowed if the customer is extremely insistent. This is because MCI loses control over the shipment and leaves us no way of ensuring the quantity or quality of the part being delivered, so as to achieve full customer satisfaction.

4.2.2 Drop shipments must meet the following requirements:

i Customers required delivery date prevents parts from being delivered to MCI first
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ii The Manufacturer agrees to drop ship, (normally requires a minimum order quantity and cost)

iii Customer agrees to pay any service fee imposed by manufacturer.

4.2.3 If a drop shipment is agreed to then the CSE needs to prepare back-to-back orders for:

i MCI purchase order to our supplier (Principal)

ii Sales order for the customer

4.2.4 Occasionally a customer will request MCI to drop ship an order direct to their customer. While this is less problematic in terms of controlling quality (in effect this is a normal sales order but with different billing and shipping address).

4.3 DESC Orders

4.3.1 Normally an order that has been won through the DESC bid system is emailed to MCI. As a back-up, the DESC CSE checks the DESC website on a frequent basis (normally twice per day) to review any awarded bids.

4.3.2 The DESC CSE updates the MCI quote system to close out any quotes with known win / lose status.

4.3.3 For any bids won, the CSE prints out the confirmed orders and completes a Sales Order form, as for normal sales. Any bid information is attached to the Sales Order and passed to the Order Entry Assistant.

4.4 Sample Orders

4.4.1 Sample requests for product that will be shipped out of our inventory shall be written up on an order form for that particular customer (just like any other order).

4.4.2 Sample Orders are to be written up with a $0.00 unit price and the PO number to use will be the current date plus the word ‘sample’ (022412SAMPLE).

4.4.3 This new process will make automatic inventory adjustments and provide the customer with a confirming email. Sample order shipments will use the customer’s shipping account.

4.4.4 Sample requests which involve samples from the manufacturer shall continue to be processed in the usual way via the Sample Request Form. There will be no need to receive product in or create a new item in our system.
5.0 Quality Records

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<thead>
<tr>
<th>Record Name</th>
<th>Responsible Person</th>
<th>Location</th>
<th>Index method</th>
<th>Minimum Retention</th>
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<tbody>
<tr>
<td>All part, quote and sales</td>
<td>Various</td>
<td>MCI system database</td>
<td>Various</td>
<td>On-going</td>
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<tr>
<td>information</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Sales Order</td>
<td>CSE / Order Entry Assistant</td>
<td>sales order File</td>
<td>By customer</td>
<td>10 Years</td>
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6.0 Change History

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<th>Revision Level</th>
<th>Date</th>
<th>Description of Change</th>
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<tr>
<td>1</td>
<td>19 Oct 04</td>
<td>Initial release</td>
</tr>
<tr>
<td>2</td>
<td>12 Jan 05</td>
<td>Corrected language all pages</td>
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<tr>
<td>3</td>
<td>20 Jul 05</td>
<td>Corrected paragraphs 1.1 &amp; 4.1.5</td>
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<tr>
<td>4</td>
<td>14 Nov 05</td>
<td>Corrected paragraphs 4.1.5.d6 ; 4.1.7.d1 ; 4.1.8.i</td>
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<tr>
<td>5</td>
<td>26 Oct 06</td>
<td>Added paragraphs 4.1.9</td>
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<tr>
<td>6</td>
<td>09 Sept 08</td>
<td>Added Reference to AS9120 standard</td>
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<tr>
<td>7</td>
<td>14 Sept 11</td>
<td>Adjusted paragraph 4.1.6 for the AS9120 Rev A upgrade.</td>
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<tr>
<td>8</td>
<td>29 Feb 12</td>
<td>Created section 4.4 to cover Sample Requests / Orders.</td>
</tr>
<tr>
<td>9</td>
<td>12 June 13</td>
<td>Expanded 4.1.6, (sec vi) to document the procedure to take an exception to a customer PO.</td>
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<td>10</td>
<td>21 Oct 14</td>
<td>Added to para 4.1.7 to reference the sales order as a record of review</td>
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