CLASSIFICATION, CODIFICATION & SPECIFICATIONS

CLASSIFICATION, CODIFICATION & SPECIFICATION Outline of Presentation

- Need for classification and identifications of materials.
- Classification of Materials.
- Codification: Nature, process, merits and demerits.
- Codification Systems, Stores Vocabulary, Marking of Stores.
- Objective of specifications.
- Specification.
- Categories and development.

Need for classification

- Standardization means producing maximum variety of products from the minimum variety of materials, parts, tools and processes.
- This implies reducing unnecessary varieties and standardizing to the most economical sizes, grades, shapes, colors, types of parts and so on.
- It is the process of establishing standards or units of measure by which extent, quality, quantity, value, performance etc., may be compared and measured.

Advantages of Standardization

All the sections of company will be benefited from standardization as mentioned below.

- Benefits to Design Department
- 1. Fewer specifications, drawings and part list have to prepared and issued.
- $2. \ \textbf{More time} \ \text{is available to develop new design or to improve established design}.$
- 3. Better resource allocation.
- 4. Less qualified personnel can handle routine design work.

Advantages of Standardization (2)

- All the sections of company will be benefited from standardization as mentioned below.

 Benefits to Manufacturing Department
- 1. Lower unit cost.
- 2. Better quality products.
- 3. Better methods and tooling.
- 4. Increased interchangeability of parts.
- 5. Better utilization of manpower and equipment.
- 6. Accurate delivery dates.
- 7. Better services of production control, stock control, purchasing, etc.
- 8. More effective training.

Advantages of Standardization (3)

- Benefits to Marketing Department
- 1. Better quality products of proven design at reasonable cost leads to greater sales volume.
- 2. Increased margin of profit.
- 3. Better product delivery.
- 4. Easy availability of sales part.
- 5. Less sales pressure of after-sales services.

Advantages of Standardization (4)

- Benefits to Production Planning Department
- 1. Scope for improved methods, processes and layouts.
- 2. Opportunities for more efficient tool design.
- 3. Better resource allocation.
- 4. Reduction in pre-production activities.

Advantages of Standardization (5)

- Benefits to Production Control Department
- 1. Well proven design and methods to improve planning and control.
- 2. Accurate delivery promises.
- 3. Fewer delays arise from waiting for materials, tools, etc.
- 4. Follow-up of small batches consumes less time.

Advantages of Standardization (6)

• Benefits to Purchase and Stock Control Department

- Holding of stock of standard items leads to less paper work and fewer requisitions and orders.
- 2. Storage and part location can be improved.
- 3. Newer techniques can be used for better control of stocks.
- 4. Because of large purchase quantities involved, favourable purchase contracts can be made.

Advantages of Standardization (7)

- Benefits to Quality Control Department
- 1. Better inspection and quality control is possible.
- 2. Quality standards can be defined more clearly.
- 3. Operators become familiar with the work and produce jobs of consistent quality.

Advantages of Standardization (8)

• Other Benefits

- 1. Work study section is benefited with efficient break down of operations and effective work measurement.
- 2. Costing can obtain better control by installing standard costing.
- 3. More time is available to the supervisors to make **useful records** and **preserve statistics**.
- 4. Reduced reductions and scrap.
- $5. \ \textbf{Helps supervisors} \ to \ run \ his \ \textbf{department efficiently} \ and \ \textbf{effectively}.$

Disadvantages of Standardization

Following are the disadvantages of standardization:

- 1. Reduction in choice because of reduced variety and consequently loss of business or customer.
- 2. Standard once set, resist change and thus **standardization may become an obstacle to progress.**
- 3. It tends to favour only large companies.
- 4. It becomes very difficult to introduce new models because of less flexible production facilities and due to high cost of specialized production equipment.

Simplification

- The concept of simplification is closely related to standardization.
- Simplification is the process of reducing the variety of products manufactured.
- Simplification is concerned with the reduction of product range, assemblies, parts, materials and design.
- Advantages of simplification:
- 1. Simplification involves fewer, parts, varieties and changes in products; this reduces manufacturing operations and risk of obsolescence.
- 2. Simplification reduces variety, volume of remaining products may be increased.
- 3. Simplification provides quick delivery and better after-sales services.
- 4. Simplification reduces inventory and thus results in better inventory control.
- 5. Simplification lowers the production costs.
- 6. Simplification reduces price of a product.
- 7. Simplification improves product quality.

Codification

- Codification/cataloguing is basically an identification system for each item of the inventory.
- Standardization supports the fundamental precepts of build-to-order and mass customization.
- · Standardization makes it easier for parts to be pulled into assembly (instead of ordering and waiting) by reducing the number of part types to the point where the remaining few standard parts can receive the focus to arrange demand-pull just-in-time deliveries.

Basis of Codification

- · Codification of materials can also be termed as the identification of materials. This deals with uniquely identifying each item in the inventory.
- Codification is useful:
 - · in requisitioning items or the operational departments,

 - · in receiving and expediting the items on receipt from the supplier,
 - in having a unique record of each of the items in stores, and
 - in work-in-process or in warehouse so as to facilitate the control over the inventory levels, and also in having a good control over the loss, deterioration, obsolescence, non-movement, or pilferage of the items

•Unique identification of the materials – whether they are raw materials, work-in-process or finished goods – is the first step towards a good materials management system. Without it, the control over inventory by rigorous exercises such as inventory techniques is not very effective. Without it, confusion might prevail in the operational departments. Moreover for a good quality control system a unique identification is a prerequisite. There are many other advantages such as variety reduction and standardization, etc.

Objectives of Codification

- The objectives of a rationalized material coding system are:
- 1. Bringing all items together.
- 2. To enable putting up of any future item in its proper place.
- 3. To classify an item according to its characteristics.
- 4. To give an unique code number to each item to avoid duplication and ambiguity.
- 5. To reveal excessive variety and promote standardization and variety reduction.
- 6. To establish a common language for the identification of an item.
- 7. To fix essential parameters for specifying an item.
- 8. To specify item as per national and international standards.
- 9. To enable data processing and analysis.

Codification by Group Classification

- In Coding an unique number is assigned to a particular item in the inventory.
- For example 010237 might mean a specific item in inventory such as ✓a particular kind of gasket,
- ✓ of a certain material.
- ✓ of a certain shape, and
- ✓ of certain dimensions.
- Of course, each of these numbers or groups of numbers (within the total identification number) should convey some unique information.

Examples of classification of inventory

- · By providing numbers:
- ✓ 01 Raw materials √ 02 – Purchased components
- ✓ 03 Spare parts
- √ 04 Tools
- ✓ 05 Fixtures and Patterns ✓ 06 – Other supplies
- 1. Wire
- 2. Tubing 3. Rod
- 4. Bar
- 5. Sheet 6. Strip
- construction. For instance:
 - 1. Mild Steel
 - 2. Stainless Steel
 - 3. Bronze
 - 4. Aluminum 5. Special alloy 6 PVC Notes
 - 7. Polypropylene

Characteristics of a Good Coding System

(a) Brevity: The codification system should avoid long and unwieldy description. This implies that the codes should consist of minimum possible number of digits.

The size of the code would normally be dictated by the number and range of items, and the number and types of applications of the data pertaining to the item.

Example: For the pencil code 07.39.1236, the last digit representing the price range may be deleted if such information is not needed.

(b) Logical: The coding system should be logically fit for the needs of the users and the methods of data processing employed.

For the example of pencil code - the last digit representing price range should have an increasing price range with the value of the digit increasing, that is, a value of digit as 8 may

Characteristics of a Good Coding System (2)

(c) Flexibility: The code design should be flexible to accommodate changes without disturbing existing codes. We are familiar with the library coding system in which codes do never get disturbed by addition of new books and all books to come in future are easily accommodated by the existing code structure.

(d) Uniqueness: Each code must be a unique representation for the item it identifies. For instance, an inventory item number or employee identification code must identify one and only one inventory item or employee. Notes The code structure must be easily understood by various users. It should be as simple, practical and meaningful as possible.

Characteristics of a Good Coding System (3)

(e) Proper Choice of the Coding Symbols: While a code may have numbers, alphabets or a mixture of both, certain precautions should be taken in selection of the symbols. Characters with similar appearances should be eliminated. For example, the letters 0, Z, I, S and V may be confused with the numbers 0 (zero), 2, 1, 5 and U, respectively. Where possible, letters that sound the same should be avoided (for example, B, C, D, G, P and T or M and N).

(f) Layout of Codes: The layout of code should be equal in length. For example, a code 001-199 should be preferred over 1-199. Codes longer than four alphabetic or five numeric characters should be divided into smaller segments for human judgments.

Characteristics of a Good Coding System (4)

(g) Capacity of a System: When calculating the capacity of a given code for covering all situations while still maintaining code uniqueness, the following formula applies:

C=S

- Where,
 - C is total available code combinations possible,
 - S is the number of unique characters in the set, and
 - P is the number of code positions.
- Example: A 3-digit code with numbers 0 to 9 will have 10³ =1,000 unique code combinations.
- The size of code structure, therefore, should be decided before hand by anticipating the requirements of the unique combinations.

Types of Coding

The three important methods of codification:

- 1. Numerical Method
- 2. Alphabetical Method
- 3. Numerical Cum Alphabetical Method

Numerical Method

- Under this method, each number or numerical digit is allotted to each item or material.
- For example, in printing press following codes may be assigned:
 Paper 145

Ink 155 Gum 165

- There are various universal decimal classification of codification used in libraries may be indicated for identification of items.
- This method is used where materials accounting is to be mechanized by use of punched cards or computers.

Alphabetical Method

- In this method alphabets or letters are used for codification of each category of materials.
- Accordingly, each letter or alphabet is allotted for each item or material.
 For example: 'C' for copper, 'S' for steel and so on.

Numerical cum Alphabetical Method

- This method is done by a combination of numerical and alphabetical method.
- Under this method both numerical along with alphabet is allotted for each item
- For example, IR 5 may indicate Ink Red of Grade 5, Steel wire 6 may be denoted by SW 6 etc.

Advantages of Codification

- As a result of rationalized codification, many firms have reduced the number of items.
- It enables systematic grouping of similar items and avoids confusion caused by long description of items since standardization of names is achieved through codification, it serves as the starting point of simplification and standardization.
- It helps in avoiding duplication of items and results in the minimization of the number of items, leading to accurate record.
- Codification enables easy recognition of an item in stores, thereby reducing clerical efforts to
 the minimum.
- If items are coded according to the sources, it is possible to bulk the items while ordering.

Concluding Remarks

- Codification/cataloguing is basically an identification system for each item of the inventory.
- Standardization supports the fundamental precepts of build-to-order and mass customisation.
- Unique identification of the materials whether they are raw materials, work-in-process or finished goods is the
 first step towards a good materials management system. In codification system, the codes should consist of minimum
 possible number of digits. The coding system should be logically fit for the needs of the users and the methods of
 data processing employed.
- $\bullet \ \ \, \text{The } \textbf{code design should be flexible to accommodate changes} \, \textbf{without disturbing existing codes}.$
- Numerical Method is used where materials accounting is to be mechanized by use of punched cards or computers.
- In numerical cum alphabetical method both numerical along with alphabet is allotted for each item.
- $\bullet \ \ Standardization \, enables \, the \, materials \, manager \, to \, a chieve \, over all \, economy \, and \, ensures \, interchangeability \, of \, parts.$
- By using national standards, it is easier to locate sources of supplies and in the case of machine parts, the replacements can be obtained easily.

Specification

- $\bullet \ \ \text{The first concern of purchasing-what to buy-is not necessarily a simple decision}.$
- For example, someone deciding to buy a car should consider
 - how the car will be used ?
 - how often ?
 - how much one is willing to pay ? and so on.
- Only then can an individual specify the type of car needed to make the "best buy."
- \checkmark problems that organizations face when developing specifications of products, ✓ the types of specifications that may be used.

Factors to be considered when developing specifications - CATEGORIES of SPECIFICATIONS

- In purchasing an item or a service from a supplier, several factors are included in the package bought.
- These must be considered when specifications are being developed and can be divided into three broad categories:
- 1) Quantity requirements.
- 2) Price requirements.
- 3) Functional requirements.

Quantity Requirements

- Market demand first determines the quantity needed.
- The quantity is important because it will be a factor in the way the product is designed, specified, and manufactured.
- For example, if the demand was for only one item, it would be designed to be made at least cost, or a suitable standard item would be selected.
- However, if the demand were for several thousand, the item would be designed to take advantage of economies of scale, thus satisfying the functional needs at a better price.

Price requirements

- The price specification represents the economic value that the buyer puts on the item the amount the individual is willing to pay.
- If the item is to be sold at a low price, the manufacturer will not want to pay a high price for a component part.
- The economic value placed on the item must relate to the use of the item and its anticipated selling price.

Functional Requirements

- Functional specifications are concerned with the end use of the item and what the item is expected to do.
- By their very nature, functional specifications are the most important of all categories and govern the others.
- In a sense, functional specifications are the most difficult to define.
- · To be successful, they must satisfy the real need or purpose of an item.
- In many cases, the real need has both practical and aesthetic elements to it.
- A coat is meant to keep one warm, but
- under what circumstances does it do so ?, and
- what other functions is it expected to perform?,
- How cold must it get before one needs a coat?,
- On what occasions will it be worn?,
- Is it for working or dress wear?,What color and style should it be?,
- What emotional needs is it expected to fill?,
- In the same way, we can ask what practical and aesthetic needs a door handle or side-view mirror on a car is expected to satisfy.

Functional specifications and quality

- Functional specifications are intimately tied to the quality of a product or service.
- Everyone knows, or thinks he or she knows what quality is, but there are several
 misconceptions about what it is and what it is not.
- Ask someone what is meant by quality, and you will get FUZZY replies such as "The best there is," "Perfection," "Degree of excellence," and "Very good." (sounds great but all are meaningless)
- There are many definitions of quality, but they all center on the idea of user satisfaction. On this basis, it can be said that an item has the required quality if it satisfies the needs of the user.

Functional specifications should define the quality level needed.

They should describe all those characteristics of a product determined by its final use.

Phases to provide user satisfaction 1. Quality and product planning pecitors about which products and services a government of the product planning pecitors about the matter segment to be surred, the product features and quality level expected by that marker, the price, and the expected silv that marker, the price, and the expected silv volume. The basic quality level is thus specified according to their understanding of the needs and want of the marketplace. 3. Clability and manufacturing is to meet the specifications laid down by the product designer. If the item is bought, it is purchasing's responsibility to make sure the supplier can provide the required quality level sections. To the final user, quality is related to his or her expectation of how the product should perform. Customers do not care why a product or service to designed, well made, and well serviced, the quality level suctomer wants, well designed, well made, and well serviced, the quality level sustinger.

Description of functional specification

- Functional specification can be described in the following ways or by a combination of them:
 - 1. By brand
 - 2. By specification of physical and chemical characteristics, material and method of manufacture, and performance.
 - 3. By engineering drawings.
 - 4. Miscellaneous.

Description by Brand

- Description by brand is most often used in wholesale or retail businesses but is also used extensively in manufacturing. It is better under the following circumstances:
- ✓ Items are patented, or the process is secret.
- √ The supplier has special expertise that the buver does not have.
- $\checkmark \textit{The } \textbf{quantity bought is so small} \textit{ that it is not worth the buyer's effort to develop specifications}.$
- √ The supplier, through advertising or direct sales effort, has created a preference on the part of the buyer's customers or staff.
- When buying by brand, the customer is relying on the reputation, integrity, quality and trust on the supplier.
- Disadvantages on description by Brand:
 - Branded items, as a group, usually have price levels that are higher than nonbranded items.
 - It may be less costly to develop specifications for generic products than to rely on brands.
- · It restricts the number of potential suppliers and reduces competition.
- Therefore, the usual practice, when specifying by brand, is to ask for the item by brand name or equivalent (this allows for competition)

Description by Specification

- There are several ways of describing a product, but they usually include one or more of the following.
 Whatever method is used, description by specification depends on the buyer describing in detail exactly what is wanted:
- Physical and chemical characteristics. The buyer must define the physical and chemical properties of the materials wanted. Petroleum products, pharmaceuticals, and paints are often specified in this way.
- Material and method of manufacture. Sometimes the method of manufacture determines the performance and use of a product. For example, hot- and cold rolled steels are made differently and have different particular.
- 3) Performance. This method is used when the buyer is primarily concerned with what the item is required to do and is prepared to have the supplier decide how performance is to be attained. For example, a water pump might be specified as having to deliver so many gallons per minute. Performance specifications are relatively easy to prepare and take advantage of the supplier's special knowledge.

Description by Specification

Whatever the method of specification, there are several characteristics to description by specification:

- To be useful, specifications must be carefully designed. If they are too loosely drawn, they may not provide a satisfactory
 product. If they are too detailed and elaborate, they are costly to develop, are difficult to inspect, and may discourage possible
 sunnilers.
- 2) Specifications must allow for multiple sources and for competitive bidding.
- 3) If performance specifications are used, the buyer is assured that if the product does not give the desired results, the seller is responsible. They provide a standard for measuring and checking the materials supplied.
- 4) Not all items lend themselves to specification. For example, it may not be easy to specify color schemes or the appearance of an item.
- 5) An item described by specification may be no more suitable, and a great deal more expensive, than a supplier's standard product.
- 6) If the specifications are set by the buyer, they may be expensive to develop. They will be used only when there is sufficient volume of purchases to warrant the cost or where it is not possible to describe what is wanted in any other way.

Sources of specifications

There are two major sources of specifications:

- 1) Buyer specifications.
- 2) Standard specifications.

Buyer specifications

1) Buyer specifications.

Buyer-developed specifications are

- a) Usually expensive and time consuming to develop.
- b) Companies usually do not use this method
 - · unless there is no suitable standard specification available, or
 - unless the volume of work makes it economical to do so.

Standard specifications

2) Standard specifications.

- Standard specifications have been developed as a result of much study and effort by governmental and nongovernmental agencies.
- They usually apply to raw or semifinished products, component parts, or the composition of
 material.
- In many cases, they have become de facto standards used by consumers and by industry. For example, SAE 10W30 - motor oil for a car, we are specifying a standard grade of motor oil established by the Society of Automotive Engineers.
- Most of the electrical products we buy are manufactured to Underwriters Laboratory, (UL) standards. Steel and structural steel members are manufactured to standards set by the American Society of Mechanical Engineers.

Advantages to using standard specifications

- they are widely known and accepted and, because of this, are readily available from most suppliers.
- because they are widely accepted, manufactured, and sold, they are lower in price than nonstandard items.
- because they have been developed with input from a broad range of producers and users, they are usually adaptable to the needs of many purchasers.

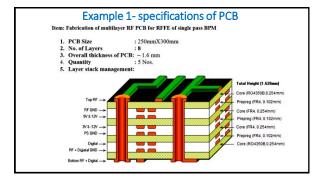
Market grades are a type of standard specification usually set by the government and used for commodities and foodstuffs. When we buy eggs, for example, we buy them by market grade—small, medium, or large.

Engineering Drawings

- Engineering drawings
- \checkmark describe in detail the exact configuration of the parts and the assembly.
- \checkmark give information on such things as finishes, tolerances, and material to be used.
- ✓ are a major method of specifying what is wanted and are widely used because often
 there is no other way to describe the configuration of parts or the way they are to fit
 together.
- ✓ are produced by the engineering design department and are expensive to produce, but
 they give an exact description of the part required.

Miscellaneous

- There are a variety of other methods of specification including the famous phrase "Gimme one just like the last one."
- Sometimes samples are used, for example, when colors or patterns are to be specified.
- Often a variety of methods can be used, and the buyer must select the best one.
- The method of description is communication with the supplier. How well it is done will affect the success of the purchase and sometimes the price paid.



Example 1-specifications of PCB page 2 6. Detailed specifications uper new naterials 10.01/901 males Rogens or equivalent 1. Top and between 1 of year and between 10.11 state 10.11 sta



Example - Cement Concrete Mix mixer and begin adding the bags of condevers of the mixer • If the material becomes too difficult to mix, add additional water until a workable mix is obtained • If a stump cone is available, adjust water to achieve a 2" - 3" (51 - 76 mixed stump. APPLICABLE STANDARDS ASTM International - ASTM C387 Standard Specification for Packaged, Dry, Combined Materials for Mortar and Concrete PHYSICAL/CHEMICAL PROPERTIES QUIKRETE® 5000 High Early Strength Concrete Mix exceeds the compressive strength requirements of ASTM C387, as shown in Table 1. mm) sulmp Note - Final water content should be approximately 5 - 10 pt (2.8 - 4.7 L) per 80 lb (36.3 kg) bag and 4.5 - 7 pt (2.1 - 3.3 L) per 60 lb (27.2 kg) bag. HAND MIXING Empty bags into a suitable mixing container Add approximately 6 pt (2.8 L) of clean water for each 80 lb (36.3 *- Not septournisery o pt (Z.D.) to learn water in reach or to 10-05. kgl big in *- Work the mix with a shovel, rake or hoe and add water as needed until a stiff, moldable consistency is achieved *- Do not exceed a lotal volume of 10 pt (4.7 L) per 60 lb (36.3 kg) bag or 7 pt (3.3 L) per 60 b (27.2 kg) bag *- Be sure all material is wet, do not leave unabsorbed puddies of

TEMPERATURE OF WATER
Set times will fluctuate in extremely hot or cold weather. Use cold
water or water mixed with ice cubes in severely hot weather; use hot
water when mixing in severely cold weather.



B2B Specifications

- Stages in the typical B2B buying cycle:
 initial phase where users research their company's problem to find possible product solutions,
 - a phase where users compare product options from multiple vendors and assess which solution fits their needs best.
- Users at different stages of the conversion funnel need levels of detail about products and
- Prospective customers interested in a product need clear answers to make sure that the product fits their specific requirements, so comparison against competitors is possible.
- Product-specification lists need to go beyond the product benefits and high-level descriptions, and include
- clear, specific, realistic details that can speak in detailed terms about all of the important aspects of

 - how a product works,
 its physical characteristics, and
 how it integrates into larger systems.

Factors to be considered while preparing specifications

- 1) Footprint (i.e. the physical size for physical products or resources consumed by software products)
- 2) Ingredients (what key components, parts, technologies, or materials are used)
- 3) Requirements and integrations (environmental conditions, consumable physical resources, system requirements, and integrations with software or other physical products needed to form a complete solution to your problems)
- 4) Performance (measurements of desired capabilities, behaviors, operation, and output, as well as any waste byproducts that are produced in operation)
- 5) Tolerances and durability (allowed level of deviation from listed specs, error rate, resistance to environmental conditions)

Typical Examples – Specifications of Physical products

| Type of Specification | Examples and Notes |
|---|--|
| Detailed physical dimensions of products | Engineering diagrams with measurements Physical space required for installation Ventilation space needed for safe operation |
| Weight of item | Variations for both loaded and unloaded weights (such as a vehicle loaded with fuel or payload) |
| Physical connections with other products | Interconnects Ports -Diagram of physical layout of ports and connectors, ncluding dimensions, so users can determine if there s enough physical space for convenient hookup. |

Typical Examples – Specifications of Physical products

| Type of Specification | Examples and Notes | |
|-----------------------|---|--|
| Key components | -Types and grades of materials used for critica components, such as: - Metals - Plastics - Wiring - Tubing - Tubing - Insulation - Manufacturer and product names of key hardwark components produced by third parties, such as: - Engines - Processors - Robotics components - Power supplies | |

Typical Examples – Specifications of Physical products

| Type of Specification | Examples and Notes | |
|---|--|--|
| Resistance to common environmental conditions for your products | Water and particulate matter (typically listed in International Protection codes, such as IP68) Temperature Scratching Physical impact UV Chemicals and corrosives Atmospheric pressure Any other typical exposures your product may meet in use | |

Typical Examples – Specifications of Physical products

| Type of Specification | Examples and Notes | | |
|-----------------------|--|--|--|
| Operational qualities | *Operating temperature output (how hot the product gets while in use) | | |
| operational quanties | Sound-pressure levels (how loud the product is while in use) | | |
| Resource consumption | •Power | | |
| | •Water | | |
| | •Raw materials | | |
| Capacities | Consumable resource storage | | |
| | Paper trays | | |
| | Fuel tanks | | |
| | Byproduct holding tanks | | |
| | Sewage | | |
| | Runoff | | |
| | Dust | | |
| | Trash | | |

| Type of Specification | Examples and Notes | |
|-----------------------------|--|--|
| Performance characteristics | Measurement conditions and margins of errors fo performance metrics Details on durability, longevity, tolerances, and failure rates Key metrics, such as: Speed Power Displacement Tensile strength Hardness Mechanical, chemical, or electrical properties that impact performance and utility Output quality and speed (especially for items like printers, manufacturing equipment, etc.) Duty cycle Runtime | |

Classification of materials

- Variety of items are used by organization.
- Some of the items have relatively longer life buildings, plants, equipments, machines,
- Some of the items in a rather large number spend shorter time with organization materials, components, tools, stationeries etc. Focus is on parts and materials
- Several departments of the organization require information about the materials. Requirements of each department is usually different – for example, for a single material.
 - Receipt
- Inspection
- Design
- Marketing

Classification of materials (2)

- Some departments are interested in the size, volume, shape, some in engineering properties, some in financial $\label{eq:aspects} \textbf{aspects} \ \textbf{while} \ \textbf{some} \ \textbf{in} \ \textbf{the} \ \textbf{commercial} \ \textbf{value} \ \textbf{of} \ \textbf{the} \ \textbf{material}.$
- It is quite likely and perhaps sometimes purposeful for an item to get identified by different names by different departments of the organisation.
- A dustbin may be known as refuse container, rubbish-box, etc.
- . These result in confusion and tend to duplicate ordering or overstocking.
 - . The problem could really explode beyond dimension when the number of items is very large (as usually it is)
 - several external organisations, suppliers, wholesalers, retailers, customers etc. who prefer to call an item by different names: such as brand name,
- $\bullet \ \ {\hbox{Quite often, a good number of {\it products} or {\it parts may differ very marginally} or {\it insignificantly} from each other in}\\$ $\label{lem:dimensional} \textbf{dimensional} \ \text{or some similar characteristics}.$
- The functional requirements will be equally well served if all such parts are made to the same common specifications. This is called standardisation.
- $The \ process \ of \ \textbf{standardisation} \ logically \ leads \ \textbf{to} \ \textbf{reduction} \ \textbf{in} \ \textbf{the} \ \textbf{number} \ \textbf{of} \ \textbf{part}, \ \textbf{variety} \ \textbf{that} \ \textbf{an} \ \textbf{organisation} \ \textbf{handles}.$

Classification of Materials (3)

- · When there are numerous items handled by an organization, their planning and coordination becomes extremely difficult, if not impossible, if each one of them is handled separately.
- Classification of materials involves grouping of items according to some criteria.
- For example, familiar classification of our domestic articles into clothes, kitchenware, electric appliances, electronic gadgets, furniture, professional articles, entertainment articles, groceries, consumables, non-consumables etc.
- · An item may belong to more than one class depending on the criteria used.
- \bullet For example, a radio set is an electronic gadget as well as a non-consumable and entertainment article.

Major objectives of classification

- i) To devise procedures of planning and control for materials in a class.
- ii) To devise purchase procedures, inspection methods, and storing and issuing procedures, common to all materials in a class.
- iii) To devise accounting and evaluation procedures common to all materials in a class.

On the Basis of Nature of Materials

- Raw Materials: Raw materials include all those materials which are purchased from the original producer or other manufacturers and are used directly in producing, the firm's product.
- For example, cotton and yarn are raw materials for cotton textile mills for they help in producing the final product cloth.
- Cotton is purchased from the original producer, i.e., cotton grower, whereas yarn is procured from other manufacturers, i.e., spinners.
- The product in one trade may become the raw material for the other trade.
- b) Machinery and Equipment: All the machinery, both power and hand-driven, such as, presses, lathe machines, typewriters, electric motors, fans, and other machines used in the production and other departments, is classified as such.
- Tools also come under this category, and they are issued on loan basis to the various departments for a definite period, generally till their life-time.

On the Basis of Nature of Materials – (2)

- c) Consumable Items: Those materials used in the manufacturing process
- which cannot be used for the second time for the same purpose since their utility for the purpose in question has ceased, and
- the shape changed are referred to as consumable items.
- Few examples Coal, coke, mineral oil, lubricants, cotton waste, paints, varnishes, oxygen, stationery items like pencil, paper, carbon papers, ink, etc.
- d) Chemicals: Substances obtained after undergoing certain processes in chemistry according to a formula devised for the purpose may be known as chemicals.
- should be stored, preserved and issued very cautiously after a careful scrutiny and proper analysis since their use involves risk even to life.
- Items like carbide, acids, etc., can be classified under the head.

On the Basis of Nature of Materials – (3)

- e) Inflammable Items: Items highly susceptible to fire,
- such as petrol, kerosene, films, dopes and paints, fall under the category.
- generally stored as far away as possible from the main building with complete fire-fighting arrangements standing by.
- f) Fuel Stock: These are also consumable items. But there is a slight difference between the two in respect of their uses.
- When an item is directly used for production and is a fuel for the furnace, oven, etc., it is classed as fuel stock.
- Necessary item for completing, rather starting, the manufacturing process and of course one of the important items in a manufacturing unit, but it can never constitute the finished product.
- However, sometimes it may rightly be taken as a raw material. Coal is a fuel stock but is also a raw material for an iron and steel industry.

On the Basis of Nature of Materials - (4)

g) Furniture: Movable contents of a house or a room like chairs, tables, almirahs, benches, stools, etc., are furniture items.

- · Repairs, renewals and replacements also require proper maintenance of records,
- Issued temporarily on loan basis.

h) Scrap Materials:

- On the expiry of life of a particular item, the residue is called the scrap.
- Such material as is left over as waste in the process of production is also known as scrap.
- The scrap is sold out in the market so as to fetch some value out of it. Kabadis are the best purchasers of scrap in this country.

On the Basis of Nature of Materials – (5)

i) Packaging Materials: Includes

- · all kinds of wrapping materials, such as paper wood carvings, sawdust, straw, etc.,
- · containers like boxes, crates, drums and bottles,
- protective coatings, such as, wax, grease, as also plastic cans, bags, etc.

j) General Items: This category include all those items which do not fall under any of the above categories of items.

In a large undertaking, general stores section is separated from other stores under an independent incharge since they cover a large number of items, which, although not directly linked with the production processes, are required for day-to-day smooth and efficient running of the enterprise.

Cleaning materials like soap, brasso, brooms, uniforms for the staff, stationery and all other items of general use are handled in the general stores department

On the Basis of Usability of Materials

- a) Serviceable, Unserviceable and Obsolete Items
- Serviceable items are those items which go temporarily out of order. After repairing and replacement they may become serviceable again and their usable life may thus be extended for some more time.
- Unserviceable items are those items which have outlived their life. No amount of repairs, renewals or replacements
 can bring them back to their usable life. They are thus fit only for disposal as scrap.
- Obsolete items are those items which have gone out of date because of new inventions in design, use, etc., and which cannot profitably be used again.

b) Finished and Semi-finished Items:

- Finished items are those goods which have been manufactured in complete form by the production department and
 are ready for sale.
- Semi-finished items are those which have not yet been manufactured completely and need some further processing before they can be put to sale in the market. They are thus taken back by the production department for turning them into a final product.

On the Basis of Usability of Materials (2)

- c) Dead Stock Items: This term is generally used in government departments.
- Furniture, equipments, machinery and other items which have some definite life and which cannot be written off before the expiry date of their life are classed as dead stock items.
- They are issued temporarily on loan basis to their users.
- d) Unused Items: These are not stock items in the real sense of the term.
- These cannot be used in the production unit, because, being defective, damaged beyond use, or because of some other reason they have been rendered unusable.
- Sometimes unused stocks are mistaken for scrap and unserviceable materials. But this is not the real position.
- Scraps are generally left out items from the production unit. They cannot be used, as either they are less in quantity or less in measurement, weight, etc.
- But unserviceable items are movable items which have been rendered unserviceable by constant use and are now beyond repair.

Examples of Codification

- PIN Codes used by Post and Telegraph Department to uniquely and concisely identify various regions of the country.
- · Codification of National Highways.
- Train Number by Indian Railways.
- The number of digits in a code may typically be somewhere between eight and thirteen.

Typical Example of coding system based on fundamental principle Digits Details of the item major group (raw materials, spare parts, subcontracted items, hardware items, packing material, tools, oil, stationery, etc.), 1-2 3-4 subgroup (ferrous, non-ferrous, etc.), 5-7 dimensional characteristics (length, width, head diameter, etc.), 8 minor variations. location of storage, 10-11 user departments of the organisation, 12 products or product lines requiring the item, 13 any other information (related to inventory accounting, purchasing etc.).

Brisch System of Codification The Brisch system is based on numbers from 0 to 9 CODES and consists of blocks (typically three) separated ode II Full Code by decimal points. 63.02 63.03 63.04 The blocks are assigned specific classification of The **first** (left most) **block** represents the **major classification** (such as raw materials, packing materials, finished materials, etc.), 41 42 43 44 63.01.41 63.01.42 63.01.43 63.01.44 The second block represents the next level classification (such as nature, use, quality, characteristic, etc.) while the third block represents the lowest level classification (such as quality of the material, its components; its facial appearance, price, availability, source of supply, marketability, frequency of use, etc.). 51 52 53 54 63 02 51 63 02 52 63 02 53 63 02 54 35 36 38 39 63 03 35 63 03 36 63 03 38 63 03 39 General structure: code for major group. Code for group. Code for subgroup; Example - The major item stationery is classified into four the codes are assigned in three blocks separated by decimal points. Total number of digit could be any as per convenience but a general figure is 7.

Kodak System

- Developed by Eastman Kodak Co. of New York, USA
- A very comprehensive system.
- It consists of 10 digits of numerical code.
- The basis of the major or first level grouping is source of supply.
- All materials are divided into 100 basic classifications based on purchase and procurement considerations.
- For instance, a bolt is listed as hardware item if this is listed in hardware catalogues and available with hardware suppliers.
- If this bolt, however, is available only as part of the machine, it will be available under maintenance.
- Each class is divided into 10 sub-classes. For example, if class 20 represents cutting tool, then 200 represents drills, reamers, counter bars, etc.

Example of Kodak system Step I: Major (First Level) Classification (based on purchase and procurement consideration) First Two Digits class code Materials 00-20 Raw Materials Machine and Mechanical Equipments Mechanical Products and Loose Tools 21-35 Electrical Products and Electrical Equipments 41-49 Laboratory Equipments Chemicals, Equipments, and Miscellaneous Chemical Products Office Equipments and Other Misc. items. 53-68 79-83 Furniture and Fixtures Fuel Stock Semi-finished and Finished Product Miscellaneous 88-93 94-99 Miscellaneous

Step II: Sub (Detailed) Classification of materials in class code say 53-68 (Chemicals, Equipments and Miscellaneous Chemical products). Second two Digits Materials Sub-class code 53 Tanks 54 55 Pumps Mixers 56 Packaging Machines Plastic Materials 57 58 59 60 **Paints** Lubricants Acids 61 Solvents Phosphorus 63 Sulphur

Step III: Further Sub-classification indicating kinds in a particular sub-class of materials say 60 (acids).

Third Digit (0-9) Materials

| Third Digit (0-9) | Materials | |
|--------------------|-----------------|--|
| Sub-sub-class code | | |
| 600 | Carbonic Acid | |
| 601 | Sulphuric Acid | |
| 602 | Sulphurous Acid | |
| 603 | - | |
| 604 | | |
| 605 | | |
| 606 | Unassigned | |
| 607 | | |
| 608 | | |
| 609 | | |

Step IV: The kind of the materials may further be divided into different types. For example 601 indicating sulphuric acid may further be classified indicating the type of the sulphuric acid. For example, one may classify the types of sulphuric acid as,

| 86 | Type | A |
|----------------------------|------|----|
| 87 | | B. |
| 88 | | C |
| 86 87 88 89 90 | | D |
| 90 | | E |
| 91 | | F |

This level has two digits while the previous level had only one digit. This is possible. There is no strict pattern to be followed about the number of digits and the level of the classification. The two digit code in Step IV indicates suitably the percentage of acid content.

The process of classification and sub-classification may continue to accommodate subsequent levels of variations. The code may have some digits left unutilised for future expansion. For example a code 601-87-XX XXX indicates chemical product (53-68 group) and in that acid (60), and in that sulphure acid (1) and in that Type B (87). The digits XX-XXX are left for future expansion.

Colour Coding Systems

- Colour Coding Systems: Sometime colour codes are used to identify the items.
- Common instances are, red, blue and green in an electric cable, red and green in electric switches, and so on.
- Some organisation use the codes locally such as to identify the steam, water and other pipes while there exist some national or international colour coding system.
- The limited number of colours available narrows the scope. Nevertheless, this is quite an effective system providing easy identification.