

# Initiate Initial Production– Version 01

**Process:** ***Initiate Production***

## Document information:

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## Document history:

<b>Version</b>	<b>Reason for change</b>	<b>Date effective</b>
01	NEW	02/01/2022

## Process Scope

This procedure describes the creation of an initial production order, what is a crucial part of the plan to produce flow.

The forecast expert receives the sales forecasts (xls) from the local countries. He/she will then create the demand plan and communicate this plan to the SC Planner in HQ. The SC planner will enter a new initial production order in the system based upon this demand plan.

This production order can be created for several purposes:

- The filling (or packing and/or re-pack cfr. Manage transformations) of products (from final product(bulk) in large packaging to consumer packaging),
- The execution of tolling activities (from tech products or active ingredients) or WIP to final products in consumer packaging).

Before creating an initial production order, the SC planner needs to verify if the Formula in D365 for this final product contains the correct components and proportions of each product.

This check is needed to avoid that at a later stage incorrect components and/or quantities will be booked in D365 after receipt of a production reconciliation sheet (in xls or pdf) from the toller. This sheet contains the exact quantities of produced goods and the components used for these goods. The SC planner will book the quantities and the components into D365. Possible discrepancies coming out of the reconciliation will be booked as stock adjustment in D365.

A created production order needs to be linked to an existing PA or TA. In this agreement there will be a stipulation of the agreed volume that can be ordered from this tolling company (TA). If there is also an agreement on the price that can be used for executing these tolling activities, we can create a PA (see the Manage PA/TA process).

Initial production orders that are created without a link to PA or TA will still need manual approval (about price and volume) by a member of the procurement department.

Once the initial production order is created, a formulation order (or service PO) confirmation can be sent to the tolling company. With this document they will receive our request to execute this tolling activity.

This formulation order will indicate the formula, the volume and the price that needs to be filled or tolled towards an expected final product volume.



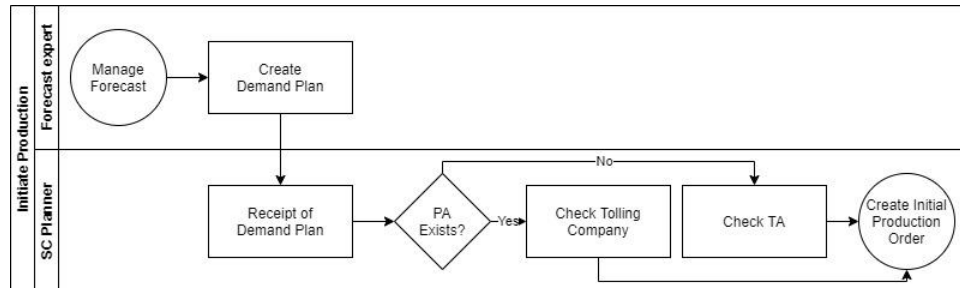
## Initiate Initial Production– Version 01

Once the production is physically executed this production order can be booked by the SC planner. See the plan to produce/execute production flow for more details on this step.

This step will also generate a transfer order (within the same LE) or an IC transfer order (from 1 LE to another). (See Manage Transfer process and IC process).

## Process Visualization

### Process Steps



Prep\_Init\_Prod\_Order

### Step 1: Receiving Demand plan volumes

The forecast expert receives the sales forecast (xls) from the local countries. He/she will then create the demand plan and communicate this plan tot the SC Planner. The SC planner will enter a new production order in the system based upon this demand plan.

Link to work instruction ["WI Step 1"](#)

### Step 2: Verify existence PA or TA

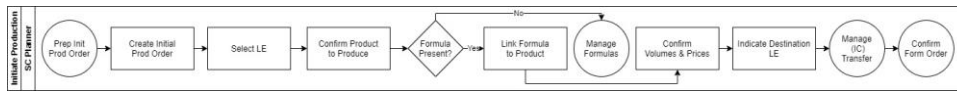
Before entering a production order, it is good to check if there is already a PA for this product in D365.

Based upon this agreement the SC planner checks the correct tolling company for this production order.

If no PA can be found; check if there is a TA for this product. With this TA it will be possible to have different prices depending on the purchase volume. If there is no TA, then a PO should be entered manually in D365.

["WI Step 2"](#)

## Initiate Initial Production– Version 01



Create\_Init\_Prod\_Order

### Step 3: Create initial order

The creation of the initial production order starts with the selection of the LE in which the production will occur (The ownership of the production will remain in the Belgian LE).

Furthermore, the final product that needs to be produced needs to be selected. If D365 can link a formula number to this final product, it means that there is already an existing formula for this final product. If there is no link with a formula number, it means that the formula is still missing. (See Manage Formula process).

The production location (production warehouse/toller) will be automatically chosen based upon this formula number.

If a product can be produced at several tolling locations, every location will need the proper formula for the product in this initial production order.

After the confirmation of the product to produce, the SC planner also indicates the quantity to produce and the expected date that this production should be finished.

After that, the SC planner will indicate the destination of this final product once the tolling activity is executed. Hereby he will select the LE that will buy this stock and the stock location to where the stock will be shipped.

This step will also generate a transfer order (within the same LE) or an intercompany transfer order (from 1 Legal entity to another). (See Manage Transfer process).

["WI Step 3"](#)



## Process Responsibilities

	Forecast expert	Supply chain planner	Procurement Clerk	Supply chain Manager
1) Receiving Demand plan volumes	R	I	I	A
2) Verify existence PA or TA		R	C	A
3) Creation initial order	I	R	C	A
4) Formulation order Confirmation	R	R		A

## Exceptions

All Initial production orders will be generated from a Belgium entity (BBE or PRBE). For all countries where Belchim NV has a tax number (BE / NL / FR / IT & DE) the production orders will be part of the Belgian entity. For countries where Belchim has not a tax number (AT / HU / ES and GB) the initial production orders will be part of the local entity.

Some production activities in France can be linked directly to BFR (instead of BBE) due to the use of the “succursal.” This exception ensures that a product produced in France (at a French toller) can be shipped directly to a French customer.

## Control points

All production orders need to be approved (by PA / TA or manual approval) before these production orders can be sent to the toller.

Only products with a defined Formula can be ordered in an initial production order.

## Definitions & Abbreviations

PO: Production Order.

PA: Purchase Agreement.

TA: Trade Agreement.

LE: Legal Entity.

## Associated Tools & documents

*[List references to any specific procedures, work instructions, documents and used tools which are required to comply with this document;]*