

**Process:** ***Manage Transformations***

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01	NEW	02/01/2022

## Process Scope

This procedure describes the creation of a TR.O (a Transformation Order), what is part of the 'plan to produce' flow.

The biggest difference between an initial order and a TR.O is that an initial order starts with a Bulk or an Active Ingredient/Tech product and ends with a finished sellable product. A transformation order starts already with a finished product where additional services are added to. The result will also be a finished product.

Initial orders are always linked to a toller, where a TR.O can be performed at a toller but also in a warehouse (for ex. relabeling and some repacking).

A TR.O can be generated for multiple purposes:

- A relabel order
  - From finished product A to B where both have the same packaging size, the same master name with only a different country or tradename on the label
  - The product remains the same, only the label on the product will be replaced by a new one.
- A repack order
  - From finished product A to B where both have the same master name but different packaging sizes (country or tradename on the label can be the same but it is not required)
  - The product remains the same. Only the packaging will be replaced by packaging of a different size.
- A rework order
  - From finished product A to a bulk or intermediate product with later a new initial order towards finished product B
  - The product can change as more AI (Active Ingredient) and/or adjuvants can be added to execute the transformation action.

For relabel orders the SC planner will initiate a new TR.O when he receives an additional volume request from a local market (sales support or country manager) or from the forecast expert. The planner will search in D365, together with the forecast expert, which existing stock (with another country/trademark label) can be used to perform this relabel activity. For this exercise FC figures can be matched with actual stock levels to find which country has overstock or no movements on their current stock.

This existing stock will be transferred via an IC transfer order to the warehouse of the country that demanded this additional volume; so that the relabeling activity can be performed in the country where the stock is needed. Alternatively, this stock can also be

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relabelled in the Globachem warehouse if this overstock is there already. Then the relabelled product can be shipped intercompany towards the country where they demanded this stock.

For Repack orders the SC planner will receive this request mainly from the local market (sales support or country manager). The SC planner will check with the FC expert if these repack activities can be performed; based upon the sales forecast figures provided by these countries and the use of these products in the past. the TR.O can be created by the SC planner once the necessary information is received of this repack composition. This information contains the product that will be consumed during the transformation and the price of the repack service. This data can change for every new repack. That is the reason we cannot use the Manage formula process for this activity.

Repack activities will be executed in a local warehouse on a Relabel stock. This to make sure that this stock cannot be used for other purposes. No separated repack locations will be reserved in the WH's because their quantities are much smaller than the quantity of the relabel orders.

For rework orders, the QI department will look together with the local countries for stock that will expire soon; this data can be retrieved from D365 (shelf-life report). If this stock cannot be used anymore in upcoming relabel or repack activities (in cooperation with the SC planner & with the FC expert) this stock will be sent for storage in a WH. From that WH, all these stocks that will expire can then be sent to a toller for rework activities. In this process the final product will be re-conditioned towards a new bulk or intermediate product that can be filled again into a finished product.

The confirmation of the TR.O for relabel or repack activities can be sent by the SC admin towards the warehouse or toller that executes this transformation activity. So, these external partners receive the request to execute this activity.

The confirmation of the TR.O for rework activities will be sent by the QI planner towards the Toller who will perform this rework activity.

The confirmation order for a relabel activity will have a zero price for the service activity. The SC admin who creates this relabel activity does not know yet what the exact price will be for this activity. The price will only be known at the moment that BCP will receive the final invoice from the WH that executed this activity.

Re-label or repack orders are not linked to an agreement. The finished product that will be used here was already part of an agreement the moment that it was purchased or produced. The Relabel and Repack orders also do not need approval.

For Rework orders, manual approval of the workflow is required by the QI manager to make sure that only approved volumes will become part of a rework activity.



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Once the transformation orders are executed physically the stock can be booked. Please see the execute TR.O process.

A relabel or repack order can trigger a transfer (within the same legal entity) or an intercompany transfer (from one legal entity to another one). See processes Manage Transfers & Manage Intercompany Transfers

## Process Visualization

### Process Steps

#### Step 1: Receive Transformation Request & Create Transfers

The SC planner will initiate the process to create a transformation order. Transformation volumes make no part of a demand plan as it is purely a modification of existing stock levels from one product to another product

For relabeling requests, the planner will check if the volumes that a country need can be found in another LE.

For repack requests the planner will verify with the local market (country manager & sales support) which product they want to use to perform this repack activity.

For both activities, the planner will initiate an IC Transfer if the needed stock is in another LE or a transfer if the stock is in the correct LE but in another warehouse. This is to make sure that the required volumes arrive physically also at the location where the relabel or repack activity will take place

For rework orders the QI planner will make sure that the volumes as part of a rework activity will be shipped towards an overflow WH (E.g. Globachem) to collect all the stock in one place. If possible, this stock can be shipped directly to the toller who will execute the rework. If the stock cannot be collected in one single WH, the QI planner will create several Transfers or IC Transfers to ship the stock to the rework location from separate locations.

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

#### Step 2: Create Formulation Order

The SC planner (for relabeling & repack) can send a formulation order towards the WH to inform them about the transformation activity the WH needs to perform. Based upon this document this WH knows which activity it needs to execute.

For relabel orders the planner will check with the BCP label team and the warehouse who will provide and/or print the labels required for this activity.

**The WH can start the transformation activity once the physical products are available at its location.**

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For rework orders, a formulation order will also be created. With this formulation order the QI planner will ask the Toller to perform a tolling activity to rework the selected product with bulk packaging. The price of this activity is not stable so before the activity can be executed there need to be a price & volume agreement between both partners. We do not use purchase or trade agreements for this activity in D365

### ["WI Step 2"](#)

## **Step 3a: Create TR.O - Relabel**

The creation of a relabel order will start with defining in which legal entity the relabel activity needs to be performed. In general, the preference would be that the country that needs additional stock will perform this transformation activity.

Next step is to define the location of the relabel activity. It is preferred to select the relabel sublocation of the site where the production/relabeling will be executed.

Once this is determined, the planner needs to indicate the origin stock location (and legal entity) where the product is located now for the relabel request initiation. If this location is different from where the relabeling will be executed, D365 will generate an additional Transfer/ IC transfer.

The SC planner will indicate the product that will be used for this relabeling (origin product) and the product desired to obtain after the relabeling (destination product).

The planner will then select the Legal entity and stock location where this finalized and relabeled product needs to be shipped to.

If this location is different than the production warehouse location, D365 will generate a transfer or an IC transfer order.

### ["WI Step 3a"](#)

## **Step 3b: Create TR.O - Repack**

The creation of a repack order will start with the definition of the legal entity that will execute the repack order. A repack activity

will be executed locally by the country that receives a product in bulk and will transform this into a finished product with consumer packaging.

A repack has no fixed components. Therefore, we cannot use a formula that stipulates which items need to be used to perform this activity. The SC planner will check with the

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local colleagues what stock they want to use to consume in this repack activity. E.g., a product in a 15 kg packaging size will be used to repack the volume into a product in a 0.5 kg packaging size. The master name of both products will be the same; but the tradename of the country can be different.

If needed the SC planner will execute a Transfer or an IC transfer to transfer the required stock to the location where this stock will be repacked.

The transformation order for the product that needs to be repacked will be linked to a Service item. The price of this item needs to be communicated by the local country colleagues as they have contact with the local repack/WH location that performs this activity. For this reason, every repack can have different prices based upon the product used in this repack.

The service item will be sent towards the WH so that they know which activity they need to perform. Here the SC planner will also communicate the product that will be used in this repack activity.

### Step 3c: Create TR.O - Rework

Once the volumes for the rework activity are defined, the QI planner can launch this activity. Together with the FC expert & SC planner the QI department checked already if the stock can be used for rework or not. The QI planner will create a Transfer or an IC Transfer to send the stock to the appropriate stock location. (a central WH to collect all the rework stock or the Toller where the rework will take place.

The QI planner will determine the intermediate or final product that can be made with this stock. Hereby the FC expert will provide the necessary figures so that the QI planner which stock will be needed in the upcoming months.

As the link between the product to rework and the reworked product can change with every rework activity, we cannot use predefined formulas. The QI planner will mention where???to whom??? manually the item used for the rework and the item that needs to be reworked.

This rework transformation order will also include a service item where the QI planner will mention the price to execute this service. This price needs to be negotiated with the toller based upon the produced volumes.,

Once the transformation order is created the QI planner will ask for approval via the workflow from the QI manager to make sure that this order can be executed

### Step 4a: Confirm TR.O - Relabel



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Once the Initial TR.O has been created a TR.O confirmation can be sent to the warehouse if required. For a relabel product, the price of the relabeled product needs to be the same as the price of the original item. For that reason, a service item linked to this relabeling will not have a value.

This relabel order will be sent to the warehouse so that they know which product they need to relabel. finance can link the invoice of the executed relabel activity to this single relabel order.

Link to work instruction ["WI Step 4"](#)

4B??

Rework??

Execute TR.O??



## Process Responsibilities

	Forecast expert	SC planner	>SC admin	QI planner	QI manager	SC Manager
1) Receive Transformation Request & Create Transfers	C	R		R	A	A
2) Create a Formulation Order	I	R	C			A
3) A. Create TR.O - Relabel	I	R	R			A
3) B. Create TR.O - Repack	I	R	R			A
3) C. Create TR.O - Rework	I			R	A	
4) A. Confirm TR.O - Relabel						

## Exceptions

Relabeling orders can also be executed by the warehouse where the overstock is stored; or by a 3<sup>rd</sup> party (for example Globachem)

## Control points

## Definitions & Abbreviations

PO: Purchase Order.

PA: Purchase Agreement.

TR.O: Transformation Order.

IC: Intercompany.

AI: Active Ingredient

## Associated Tools & documents

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