

The objective of this procedure is to detail the standard external procurement process for goods, from the initial purchase request, through to order placement and payment

## External procurement procedure (F&B and Supply)

SC-P-WW-01

GLOBAL PURCHASING & SOURCING DEPARTEMENT

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# Contents

I) OBJECTIVES.....	3
II) ROLES AND RESPONSIBILITIES.....	4
III) RELATED DOCUMENTS .....	5
IV) CONTROLS .....	5
V) FLOWCHART .....	6
VI) DESCRIPTION .....	7
a. General.....	7
i. Understanding the Global Supply Chain.....	7
ii. Replenishment data.....	8
iii. Item data .....	8
iv. Supply flow .....	9
v. Approval of purchase requests or expression of needs .....	9
b. Types of external procurement .....	10
i. Catalog Items.....	10
ii. Non-Catalog Items .....	11
iii. EAF Transit Order.....	13
c. Order tracking .....	13
i. Confirmation of orders .....	13
ii. Managing stockouts.....	14
iii. Manage and track supplier incidents .....	14
d. Pay (P2P) Flow Overview .....	15

## List of Figures

*Figure 1 - Flowchart summarizing external village supply*

*Figure 2 - Global supply chain*

*Figure 3- External supply flow*

*Figure 4 - Coupa: F&B Village approval threshold*

*Figure 5 - Calculation of supply parameters*

*Figure 6 - from expression of purchase request to order*

*Figure 7 - Procure To Pay (P2P) flow overview*

## Lexicon

**AR** : Acknowledgement of Receipt

**DN** : Delivery Note

**CDC** : Chef

**DA** : Purchase Request

**DR** ( Ecomat Web only): Request for Regulation

**EB** : Expression of needs

**F&B** : Food & Beverage

**FMA** : Financial Manager

**GEC** : Catalog Management

**GM** : Kind Member

**MDD** : Minimum Durability Date

**OS& E** : Operating Supplies & Equipment

**P2P**: Procure To Pay

**PO** : Purchase Order

**RDS** : Service Manager

**SHE** : Small Hotel Equipment

**UBD** : Use By Date

**UOM** : Unit Of Measure

**VLC** : Village Logistics Coordinator

**VLS** : Village Logistics Supervisor

## I) OBJECTIVES

The objective of this document is to detail the external procurement process of goods in the resort, aiming for the following:

*"Satisfying customer need with the required quality, in the best time and at the optimal total cost for the company."*

This document is intended for all Club Med resorts users. (VLC, VLS, procurer, Service Manager, Financial Manager...) who all contribute, at their level, to improving the Group's economic performance by participating in the Purchasing and Logistics process.

The external procurement procedure has the following purposes:

- Ensure the security of our operations in the resort (Deliveries, orders, stocks)
- Improve responsiveness
- Establish a stable operating framework
- Control consumption
- Optimize inventory management

## II) ROLES AND RESPONSIBILITIES

Role	Responsibility
Service Manager	Write the expression of need or purchase request and transmit to the procurer
	Apply and communicate the operating agreement to their team
	Define Min/Max stocks for common products (F&B and Supply) jointly with the procurer
	Support team members who can make requests
	Actively collaborates with VLS and procurer on all elements of external procurement to streamline the flow and maximize efficiency
	Control consumed goods upon receipt
Procurer	Calculate opening requirements based on past season consumption and forecast occupancy, in collaboration with the Service Manager
	Identify and communicate external supplier constraints (frequencies and conditions of orders/deliveries)
	Communicate supplier delivery schedules
	Collaborate with the Service Manager to configure Min/Max Stocks and enters them into the IT system
	Develop and communicate the operating agreement
	Bring support to the Service manager regarding the purchase request if necessary
	Check the consistency between purchase requests and available stocks
	Validate, enter and send orders to suppliers in Coupa / Ecomat Web based on procurement data
	Track orders until receipt in the village
	Manage operational supplier relationship
	Resolve minor supplier disputes under their responsibility (incidents without impact on operations but requiring an improvement plan with the supplier).
	Establish at least one weekly communication routine with the main Service manager and the VLS
	Actively collaborate with VLS and Service Manager on all elements of external procurement to streamline the flow and maximize efficiency
Financial Manager	Define loading frequencies to develop the loading schedule in coordination with the international flow team
	Ensure that emergency food purchases do not exceed the 2% threshold
	Financial control and validation of Supply and PMH purchase requests in COUPA
	Financial control and validation of PMH purchase request in ECOMAT WEB
VLS	Control and validation of non-referenced purchase requests in COUPA / Ecomat Web
	Ensure the accuracy of available stock
	Enforce operating agreements
	Contribute to the development of Min/Max stocks
Buyer	Actively collaborate with Procurer and Service Manager on all elements of external procurement to streamline the flow and maximize efficiency
	Reference products to order from the supplier catalogs for all business volumes over €20,000 per year
	Analyze and correct any inconsistencies reported in article data in supplier catalogs if necessary
	Transmit the supplier catalog information to the GEC for entry into the appropriate IT system
Catalog Manager	Resolve major supplier disputes under their responsibility (failure to meet contractual obligations: quality, deadline, price, etc.)
	Enter supplier catalogs into the appropriate IT system
International flow	Develop the loading schedule based on the loading schedules defined with the procurer/RSA

 For previous organization, please refer to the appropriate job description for roles & responsibilities

### III) RELATED DOCUMENTS

[Internal procurement procedure](#)

[Good receipt management procedure](#)

[Inventory management procedure](#)

[Invoice and Credit note procedure](#)

[Opening Resort Procedure](#)

[Service manager job description](#)

[VLS job description](#)

[Procurer job description](#)

[COUPA User Guide](#)

[COUPA - Practical sheet 3 - External procurement of goods from catalog](#)

[COUPA – Practical sheet 4A - Request for external purchase of service \(in resort\)](#)

[COUPA – Practical sheet 4B - Request for external purchase of service \(in office\)](#)

[COUPA – Practical sheet 6 - Emergency purchase](#)

[COUPA – Practical sheet 10 - How to process an invoice at the CSP.pdf](#)

[COUPA – Practical sheet 11 - How to process an invoice outside CSP.pdf](#)

[COUPA - Practical sheet 13 - How to process a deposit invoice.pdf](#)

[COUPA – Practical sheet 17 - How to process an invoice awaiting receipt.pdf](#)

[Ecomat Web User Guide](#)

[EW User Guide – Procurer/VLS.pdf](#)

[EW User Guide – Service Manager.pdf](#)

[EW User Guide - Financial Manager.pdf](#)

### IV) CONTROLS

The Internal Audit and Supply Chain-Logistics Methods departments (or any other department approved by the Supply Chain's Direction) can carry out checks at any time to ensure the correct application and compliance with procedures.

It ensures the detection of possible misunderstandings or anomalies and therefore, taking the action of updating the documents involved if necessary.

## V) FLOWCHART

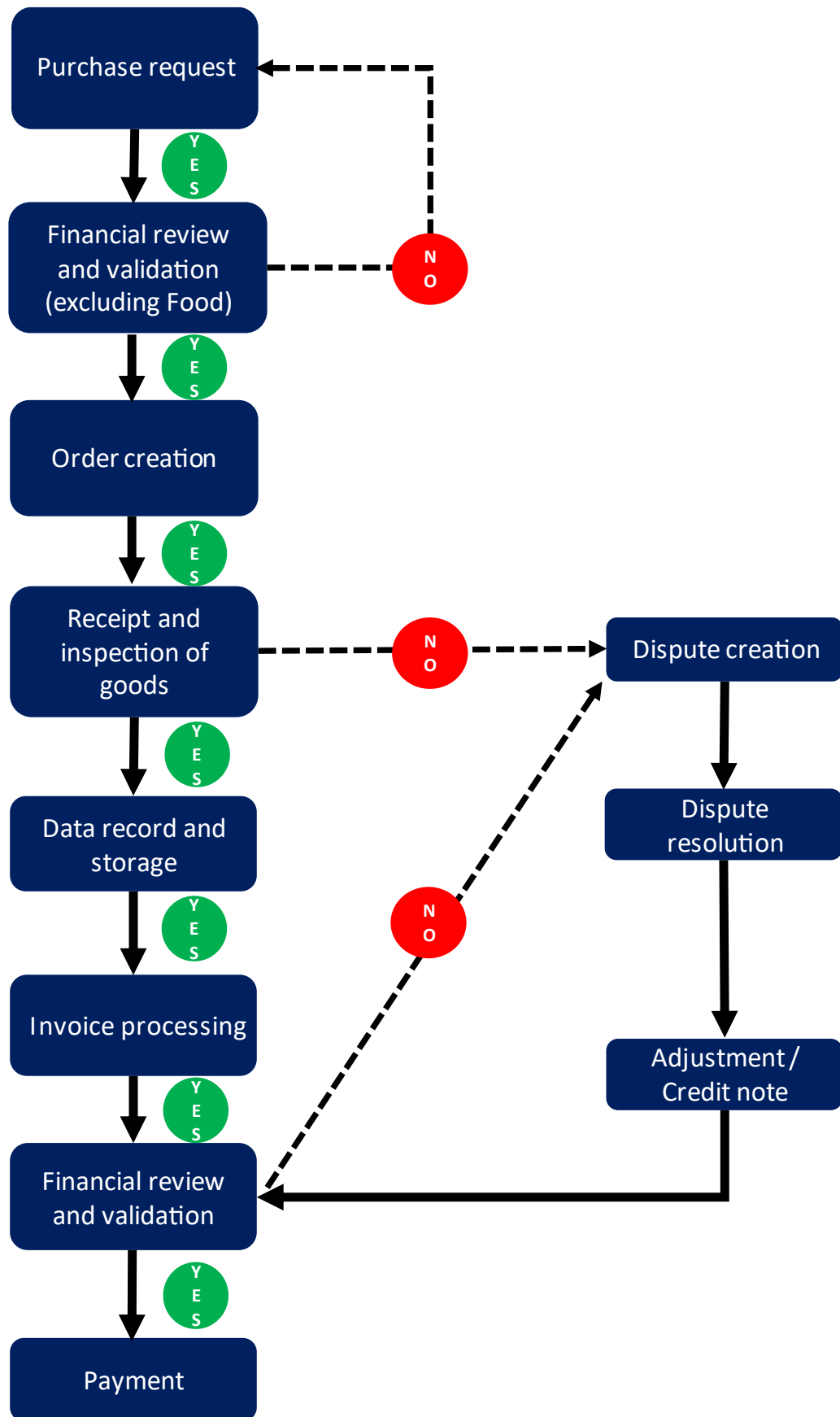


Figure 1- Flowchart summarizing external resort supply

## VI) DESCRIPTION

### a. General

#### i. Understanding the Global Supply Chain

The Club Med supply chain represents the entire system that enables the delivery of products from our suppliers to internal customers, i.e. the various services of a resort whose mission is to ensure the expected service to end customers, the GMs.

It is therefore important to understand how this global supply chain is articulated.

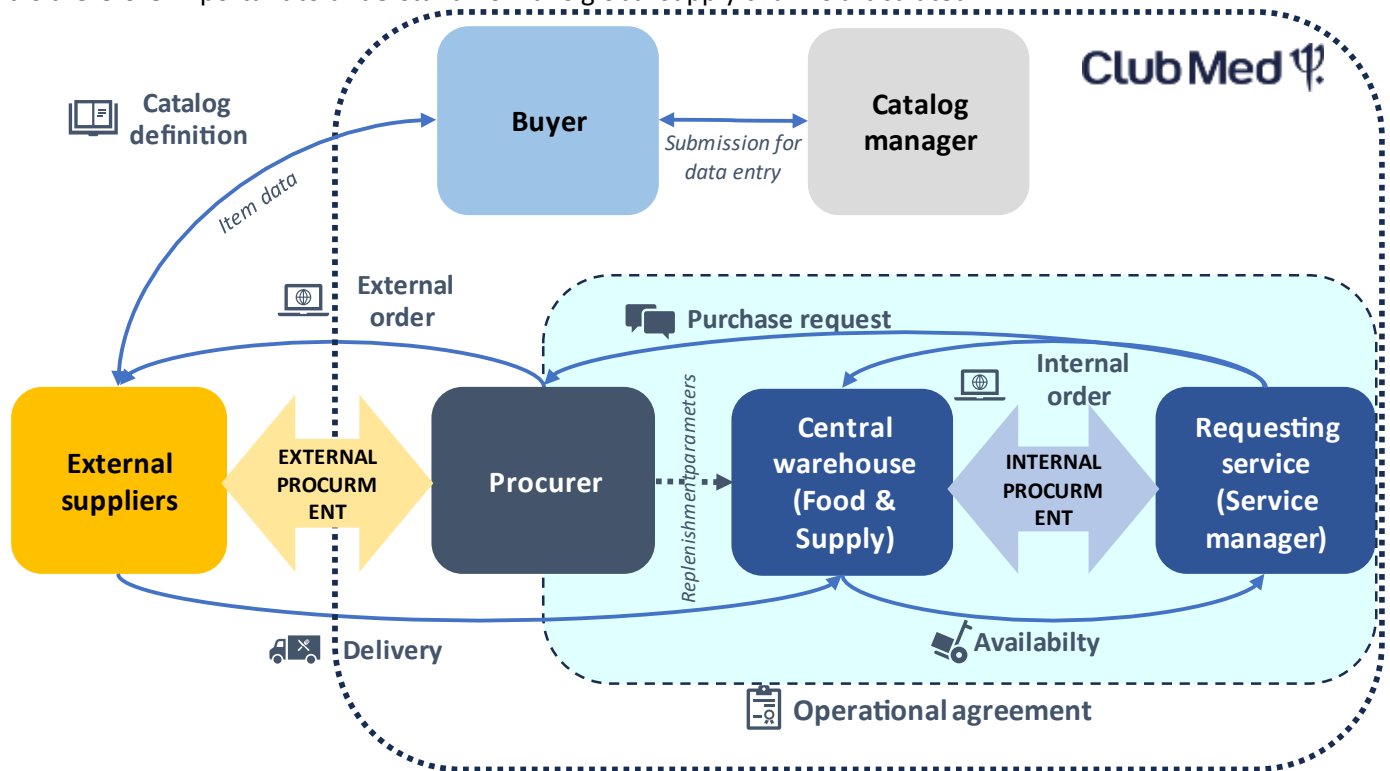



Figure 2- Global supply chain


- **The buyer** is responsible for defining supplier catalogs specifying the items referenced and under what conditions (price, packaging units, order increments, etc.).  
💡 For more details on local purchases specifics, refer to the buyer's documentation
- **The catalog manager** enters the supplier catalog information into the appropriate IT system.
- **The procurer** is responsible for placing orders with the supplier based on procurement data. He also tracks orders until receipt in resort.
- **The resort logistics department (central warehouse)** is responsible for maintaining the accuracy of theoretical stocks, which are part of the supply data, through proper stock management and the management of external order receipts. They process internal orders and makes requested goods available within the time frame and with the quality specified in the operating agreements. This department has a dual role:
  - **Customer** in the external procurement process
  - **Supplier** in the internal procurement process
- **The Service manager** places internal orders with the resort logistics department, makes purchase requests with the procurer and is responsible for defining Min/max stocks jointly with the procurer. He's responsible for checking the goods made available by the logistics department and the goods consumed upon receipt.

💡 Refer to procedures [Good receipt management](#) and [Inventory management](#) for more details about these activities



**The operating agreement** serves as an internal tripartite contract between the user services (internal customer) and the resort logistics service (internal supplier) and the procurer. It must be shared and validated at the start of the season by all stakeholders. This agreement defines the terms of ordering and delivery.

 **Collaboration and communication between the different services/professions (Service manager, VLS, procurer, chief, ...) are fundamental pillars of supplying resorts and therefore of satisfying GMs, which should be a shared ambition for all.**

 This procedure details the external procurement process. For more details on the internal procurement process, refer to the [Internal procurement procedure](#)


## ii. Replenishment data

The quality of replenishment data determines the appropriate stock of the central warehouse's storage units. Indeed, incorrect replenishment data will result in orders that do not match the resort's needs, leading to stockouts or overstocks. This negatively impacts on the quality of service to internal clients.

The main replenishment data are as follows:

- Theoretical stock
- 
- Minimum & Maximum reordering thresholds (Min/Max)
- Delivery lead times



 The accuracy of replenishment data is a major issue that all supply chain actors must address at their respective levels.

 **The [Inventory management procedure](#) must be followed as closely as possible to ensure the quality of replenishment data under the responsibility of the central warehouse.**

## iii. Item data

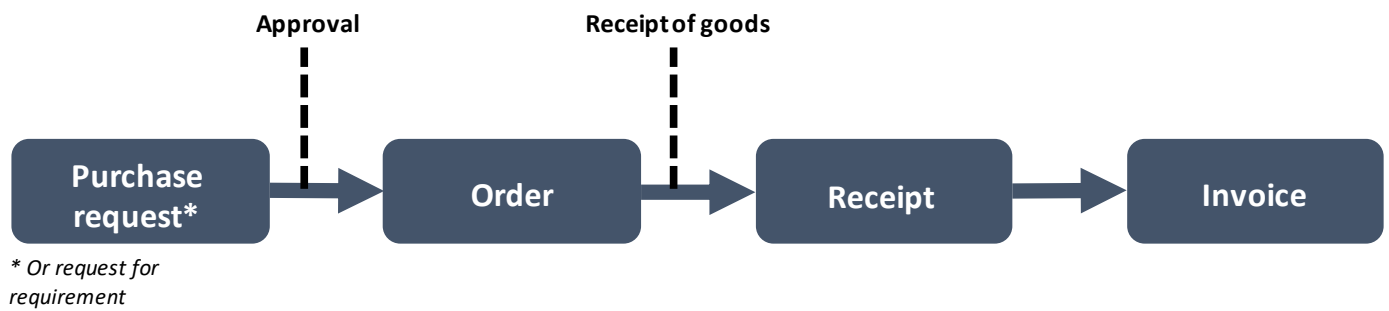
Like replenishment data, the quality of item data determines appropriate replenishment.

- Article designation
- Purchasing Category
- Unit of Measure (UOM)
- Order Increments

 **The buyer is responsible for defining item data and transmitting it to the GEC for entry into the IT system.**  
 For more details on the specifics of local purchases, refer to the buyer's documentation

#### iv. Supply flow

The external procurement flow and associated objects are described below in [Figure 3](#)



*Figure 3- External procurement flow*






#### v. Approval of purchase requests or expression of needs

Approval of purchase requests validates the commitment of the expenditure.

Different collaborators are involved in the validation process, depending on the amount and the nature of the purchase request / Expression of needs (Cf. [Figure 4](#))

In case of absence, it is important to enter an absence delegation in the Coupa settings to ensure continuity of validation.

💡 For more details on how to create a delegation, see the Coupa FAQ section ("[How to Create a Delegation](#)") and the [Coupa 18 – End of Season Delegation](#).

	 Procurer / VLS	 Financial manager	 + operations director	 + BU Finance Director	 + BU director
F&B	Single approval up to 30k€	< 50k€	< 100k€	< 250k€	> 250k€
Others					

*Figure 4- Coupa: Village approval threshold*

## b. Types of external procurement

The Service Managers are responsible for their budget and are decision-makers for their procurement to ensure product compliance with standards and the Customer Promise. This external procurement can be done in different ways depending on the type of product and their consumption volumes.

### i. Catalog Items

#### 1. Orders based on replenishment parameters

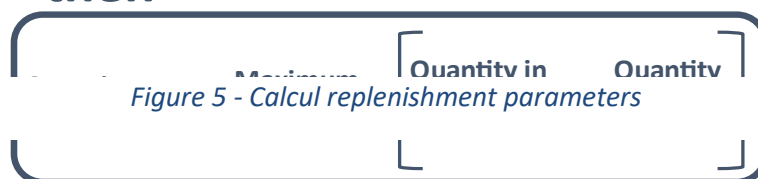
Given the stability of certain common products (consumables, dry goods, etc.), procurement is defined by setting stock levels to be guaranteed (min/max) by the Supply and Logistics departments. These stock levels are defined by the Service manager, in collaboration with the procurer (possibly the VLS), and must consider the historical consumption volumes, available storage space, expiration dates (UBD/MDD), and future needs.

The replenishment will be based on available stock, quantities currently being delivered, and the minimum or maximum stock levels set.

Currently, the calculation is performed as follows (Figure 5). This calculation is not fixed and may change.

$$\text{If } \left[ \text{Quantity in delivery} + \text{Quantity available} \right] < \text{Minimum stock}$$

then



**Min/Max stocks before the village opens and at least three weeks before closing.**

**Min/max stocks may be revised during the season depending on the village context. This requires coordination between Service manager, procurer and VLS**

**must be established**

Refer to [Opening Resort Procedure](#) for more details about these activities

#### 2. Expression of need or Purchase Request

For products requiring more precise and more frequent control or products ordered only a few times per season, procurement is done by expressions of need or purchase requests from the Service manager. In fact, expressions of need/purchase requests concern both items ordered regularly during the season (for example items consumed upon receipt such as fresh fish or fruit & vegetables, etc.) and items occasionally ordered during the season or its preparation.

Depending on the order schedule pre-communicated and available in the operating agreements, the Service manager enters its expression of needs into the appropriate IT system and the procurer checks and validates the order with the supplier within the allotted time. It allows to take into account standard lead times for goods communicated previously (anticipation of 1 to 8 weeks depending on the items) to avoid stock shortages.

The frequency of need/purchase transmission requests is determined at the start of the season between the service manager and the procurer, based upon respective requirements of the services and the suppliers' capacities.

Once the expression of need/purchase request has been issued by the service manager, it is submitted for approval before the procurer checks the consistency of the request by considering the replenishment data at his disposal and transforms it into an order (see [Figure 6](#)).

Any order sent to the supplier must receive an acknowledgement of receipt (AR) from them.

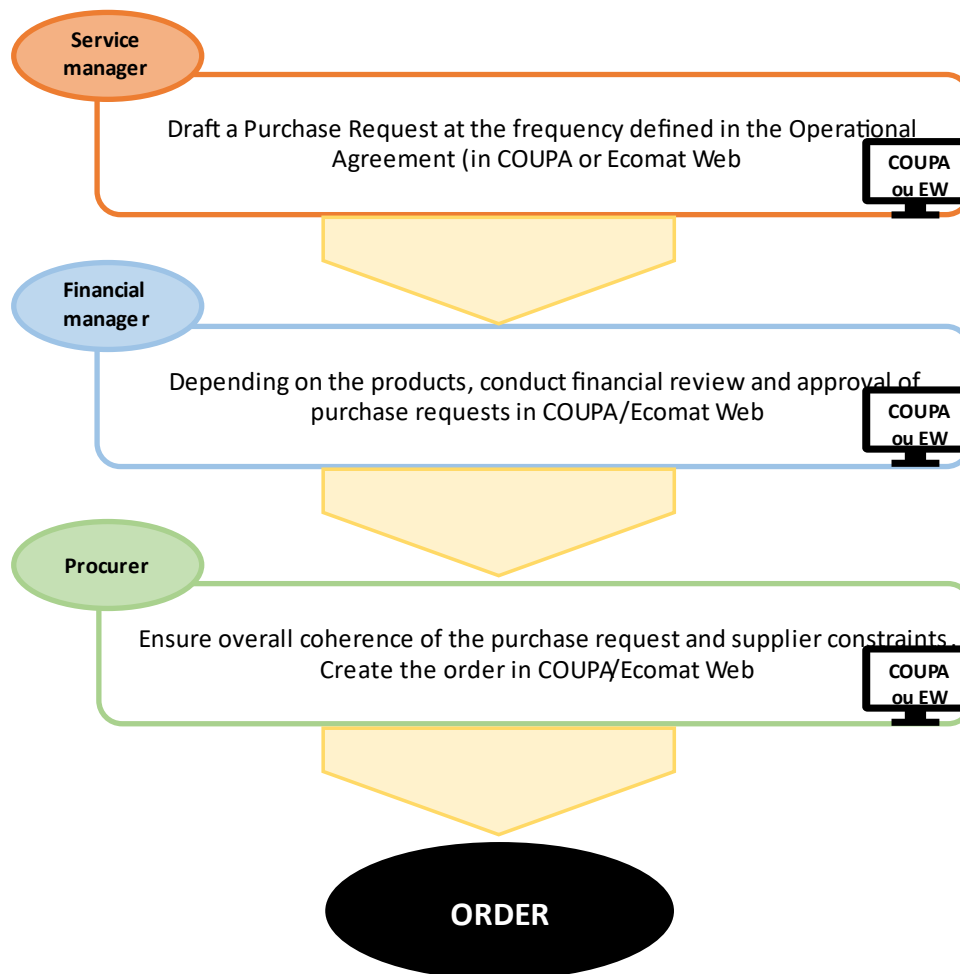


Figure 6 - from expression of need/purchase request to order



**During the season, it is imperative to have at least one weekly exchange between the Service manager, the procurer and the VLS, to identify problems, communicate on item movements and develop together remedial actions, etc.**

### 3. Punch-Out Command

A punch out order allows placing an order by selecting products directly from the supplier's page based on their availability on Coupa.

💡 For more details, refer to the Coupa FAQ: “*Making an order via Punch-out*” »



**It is important to pool needs on similar items to avoid multiple low-value orders for the same items. (Cf. Operating Agreements)**

#### ii. Non-Catalog Items

## 1. Free Text Order

In certain cases (one-time or exceptional needs), non-referenced items may be ordered.

These non-referenced articles, by definition, do not exist in supplier catalogs and must be ordered with a "Free Text order" for COUPA or "Add Line" for ECOMAT WEB (only for Supply /PMH).

The free text orders also concern orders based on quotes.

💡 For more details on this activity, refer to the Coupa FAQ ("*How to create a free text order*") or the [Ecomat Web User Guide](#)

## 2. Emergency purchases

The F&B item catalog is entirely managed by buyers to comply with menu plans and the defined level of service. The basic rule for these F&B orders is anticipation based on fill rates and planned menus.

Emergency purchases must therefore remain an exception for the following cases:

- Exceptional needs outside of catalog items
- In case of a product being out of stock, with no replacement solution or possible replenishment by a listed supplier

 **These emergency purchases must be systematically justified, and checks will be regularly carried out by the Financial Manager**

**The volume of emergency purchases must not exceed 2% of total F&B purchases over the season.**

For each emergency, an order must be carried out in the appropriate IT system, adhering to the following points:

- Enter the order and validate the corresponding receipt in COUPA (or Ecomat Web)
- Inform the procurer and the financial manager, justifying the purchase
- Respect the ethical rules for committing supplier expenses

💡 For more details on how to process an emergency purchase in COUPA, refer to [Sheet 6 - Emergency/Stopgap Purchase](#)

💡 To identify who is responsible for purchasing and emergency orders, refer to the resort operating agreement.

 **The accuracy of replenishment data is a major issue that all supply chain actors must address at their respective levels.**

### iii. EAF Transit Order

Orders placed in transit are delivered by the supplier to the logistics platform where the load can be consolidated and optimized before shipment to a resort.

The requester (preferably the procurer as he knows better the village external flows) places an order with the supplier and has it delivered to the platform.

Once delivered on the platform, the service provider:

- Checks that the number of packages (boxes/pallets, etc.) matches the carrier/supplier's transport voucher
- Receives the order electronically using supplier documents.
  - If the order is entered in the catalog: it automatically uploads to COUPA and an internal order on transit stock is created.
  - If the order is entered in free text: the receipt does not automatically upload and must be entered manually in COUPA.
- Orders are shipped according to the loading schedule defined by the international flow center in collaboration with the procurer. This schedule is not fixed and may change.
- The VLS receives the order in the village, conducts checks and records it in the IT system (💡 For more details on this activity, refer to the [Good receipt management](#))

💡 For more details on the management of orders in transit, refer to [COUPA sheet 14](#)

## c. Order tracking

### i. Confirmation of orders

When sending an order to a supplier, the procurer must:

- Obtain confirmation from the supplier with a receipt of order (Acknowledgement of receipt)
- Verify that the supplier validates the list of ordered items and prices
- Ensure the delivery date and product availability within requested timeframes
- Record the confirmation in the order tracking by resort
- Follow up the supplier at D-30 for SHE orders

The procurer may also share necessary information with the stakeholders according to the guidelines defined by the Supply Chain Department, such as:

- Order numbers
- Supplier name
- Order placement and confirmation dates
- International transport details collected from the international flow manager (loading, embarkation and disembarkation date, customs clearance date, expected delivery date, etc.)
- Order status (Sent to supplier / processed by supplier / shipped / delivered to resort, reminder for delivery confirmation, etc.)

## ii. Managing stockouts

In case of items' stockouts, the procurer must:

- Get the availability date of missing products
- Get a replacement product if the delay is too long
- Check with the requesting departments if the replacement product or availability time is acceptable
- Let the product buyer (F&B or Supply) know about this supplier issue
- Report the incident in the Incident database (Ecomat Web) or with the supplier incident form (Coupa)
- Follow up with the supplier at D-14 for PMH orders



**Any stockouts due to incorrect stock levels must be reported and communicated to the concerned parties.**

## iii. Manage and track supplier incidents

The VLS records the supplier delivery incidents into the appropriate tool (Incident Database for Ecomat Web or supplier incident form for Coupa).

Depending on the nature of the dispute, it is handled:

- By the procurer, for a minor dispute (incidents that don't impact on Club Med's activity but require an improvement with the supplier.)
- By the buyer for a major dispute (incident that result in a breach of contractual obligations such as quality, deadline, price, etc., and require a solution with the supplier)

💡 For more details on dispute handling, refer to the practical sheet to the COUPA sheets 16: [Incident Form Entry](#) and 17: [How to process an invoice awaiting receipt](#) and to the [Invoice and Credit note procedure](#)



**Incidents must be reported with the appropriate means (Coupa or Ecomat Web) to ensure effective monitoring and detection of recurring supplier issues.**

#### d. Pay (P2P) Flow Overview

Thanks to the purchase requests transmitted by the service manager and the configured minimum/maximum stock levels for current products, the RSA/procurer can initiate external procurement by placing orders with the relevant suppliers.

The following diagram details all the stages of external procurement, from order creation to payment:

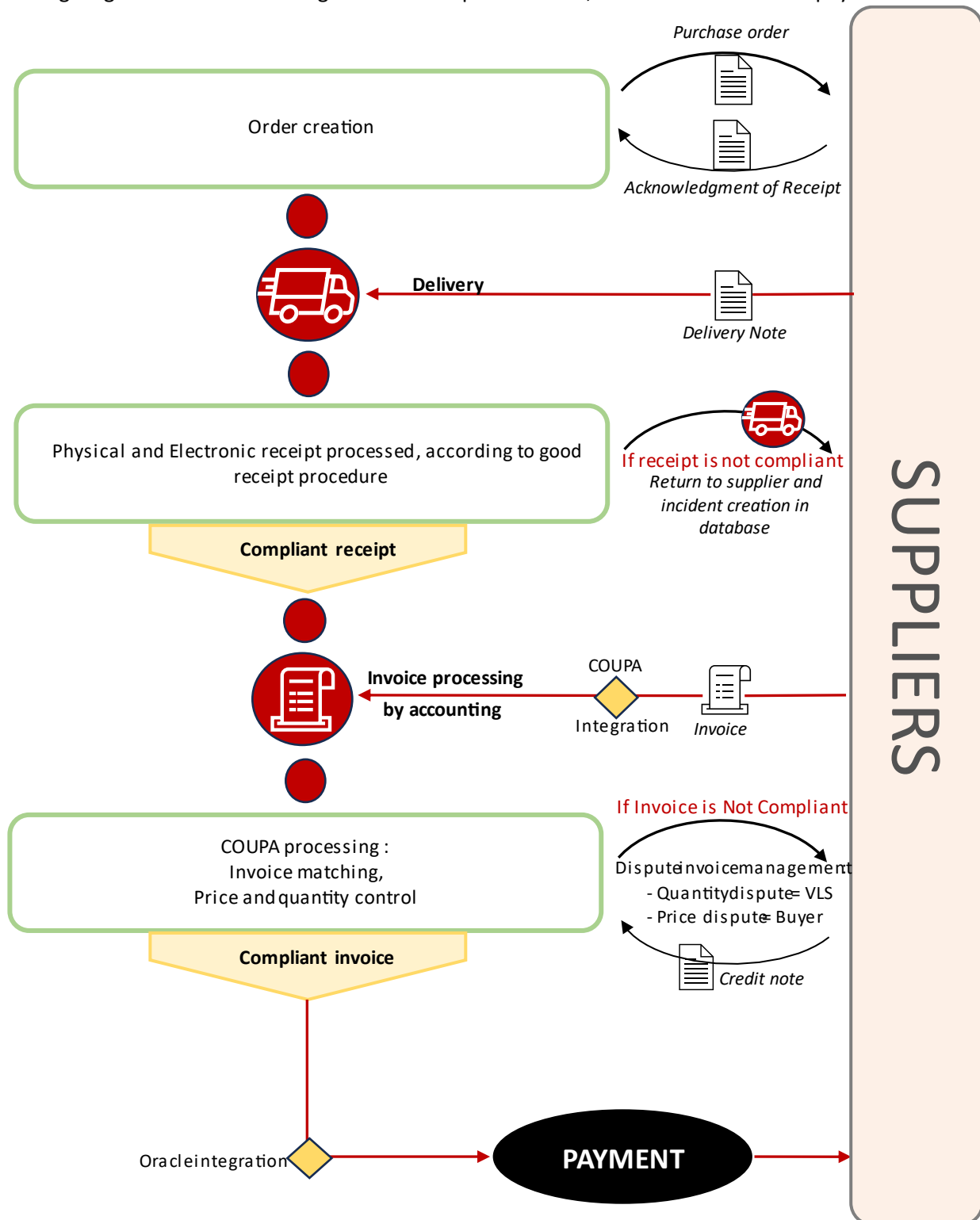


Figure 7 Pay (P2P) flow overview



For orders in transit refer to Coupa documentation: [Practical sheets 14 - Order in transit](#)