The purpose of this procedure is to align all the villages with the principles of stock management, which are fundamental for the supply of the villages.

Inventory management procedure.

SC-P-WW-04

DIRECTION GLOBAL PURSHASING & SOURCING

Key Words: Procedure – Supply Chain – Inventory – Management - Resort				
Title : Inventory management procedure			Document code : SC-P-WW-04	
Revision date	*Writing*	*Proofreading :*	*Approval*	*Date application :*
April 2024	SC Logistics Methods: Gauthier JACQUIN	Internal Audit Department : Camille BAUBY Julie BOURGOIN EAF Finance Department: Pierre-Olivier HOT	GPS direction: Franck PICABEA *(05/16/2024)* EAF Supply Chain Department: Christophe GALY *(05/16/2024)*	09/01/2024
Application scope				
WorldWide Supply Chain				

Club Med

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LEXICON

Positive cold room: area intended for the storage of food products whose conservation temperature is less than 10°C (see PMS DS05B_SUIVI_T°C_STOCKAGE_POSITIF_2022.xlsx)

Negative cold room : area intended for the storage of food products whose conservation temperature is above - 18°C (see PMS DS05_SUIVI_T°C_STOCKAGE_NEGATIF_2022.xls)

BSI: Snack Drinks Included (Boissons Snack Inclus)

DLUO: Deadline of use optimal

FIFO: First IN – First OUT

FEFO: First Expired First Out

FMA: Financial Manager

HBSI: Excluding Snack Drinks Included (Hors Boissons Snack Inclus)

RDS: Service Manager

SHE: Small Hotel Equipment

TM: Technical Manager

UBD: Use By Date

UoM: Unit Of Measure

VLC: Village Logistics Coordinator

VLS: Village Logistics Supervisor

I) OBJECTIVES

The objective of this procedure is to detail good practices for effective inventory management, to be more efficient and avoid overstocking and stock shortages.
Inventory management results in precise storage rules, effective labeling, and regular inventories. Knowing how to manage your stock effectively will ultimately allow you to better serve the various requesting services while keeping storage costs as low as possible!

This procedure applies to all GO/GEs responsible for storing goods (food or not) in reserves after their receipt.

II) ROLES AND RESPONSIBILITIES

Role	Responsibilities
Procurer	Ensures the implementation and updating of item replenishment parameters. Search for supply alternatives with the help of Purchasing in case of a stock shortage. Alert if stock data appears inconsistent.
Village Logistics Coordinator	Assists the Village Logistics Supervisor in his missions
Financial Manager	Ensures that inventories are carried out correctly. Inventory variance analysis. Ensures the application of the stock management procedure and all associated procedures.
Village Logistics Supervisor	Ensures stock reliability. Carries out inventories of its reserves with its team. Controls the records necessary for inventory management. Applies the inventory management procedure and all associated procedures with his team. Communicates monthly discrepancies report with gap explanation to the Financial Manager and the Executive Chef

For previous organisations, please refer to the appropriate job description for roles & responsablities

III) RELATED DOCUMENTS

DS05_SUIVI_T°C_STOCKAGE_NEGATIF_2022.xls

DS05B_SUIVI_T°C_STOCKAGE_POSITIF_2022.xlsx

INS05_TEMPÉRATURE & MÉTHODE_STOCKAGE_CM2022

INS23_UBD Management

GENERIC_CLEANING_FOLLOWING_PLAN_2022

Book de formation e-pack.pdf

Good receipt management procedure

Resort closure procedure

COUPA : How to take an inventory and justify discrepancies with PDA and without PDA

SHE Inventory procédure

ECOMAT Web User Guide

Information sheet – Management of dangerous products (FR)

Local procedure/law/obligation if applicable

IV) CONTROLS

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

This also makes it possible to detect possible misunderstandings or anomalies and to update the documents concerned if necessary.

V) FLOW CHART

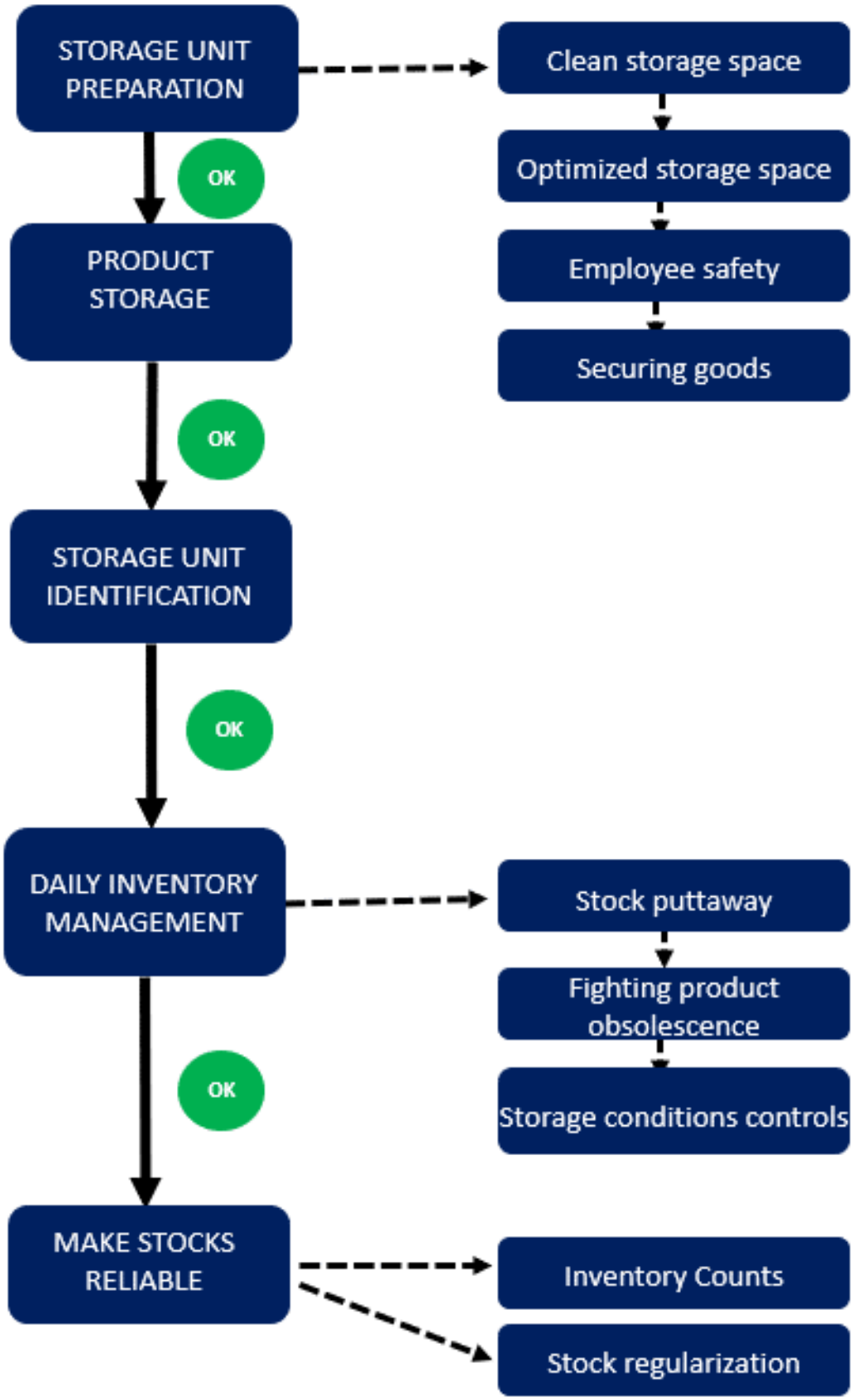

Figure 1 - Stock management flowchart

VI) DESCRIPTION

a. ORGANIZE STORAGE UNIT AND STORE PRODUCTS

Storage is the intelligent placement of products in inventory so that they can be easily found. In addition, storage must meet a certain number of rules to:

- Guarantee the condition of the products.
- Optimize storage space.
- Ensuring employee safety
- Secure the goods.

The objective of this first part is therefore to detail good practices for storing and preparing storage units. In fact, a reserve that is initially organized and tidy will be easier to manage daily. This stage of stock preparation consists of cleaning and organizing storage spaces, defining a unique location for each product and labeling them.

STORAGE UNIT PREPARATION

The storage space itself must meet the essential rules mentioned above. This is why certain actions must be carried out regularly (at the start of the season for seasonal/bi-seasonal villages):

1. Guarantee the condition of the products thanks to a clean storage space (preventing microbiological dangers and contamination) and adapted to the required storage conditions:

- Clean all reserves.
- Detect potential defects/leaks that could impact storage conditions, report them and take the necessary measures to correct them.
- Monitor storage temperatures and record them (paper or digital if available)
- Ensure, for optimal air circulation, that the ventilation source is not obstructed.
  (see PMS : INS05_TEMPERATURE & STORAGE_METHOD_CM2022)

2. Optimize storage space with furniture adapted to the products stored and their rotations:

- Analyze the type of products to be put in stock: volume, rotation, unit weight.
- Identify low and high runners products.
- Define a reserves plan with storage organized by product family and rotations to optimize the storage of merchandise and the preparation of orders.
- Place storage furniture (shelves, plastic pallets, etc.) in reserves accordingly.
- Do not store anything on the floor.

3. Ensuring employee safety through precise organization:

- Provide sufficient handling space, without any obstacles.
- Provide storage spaces close to the ground for heavy and bulky products.
- Provide aisle widths adapted to the use of the handling equipment used.

4. Secure goods using with dedicated locations:

- Provide for the storage of alcohol and other products with high financial value in secure storage units.
- Provide storage spaces and equipment suitable for dangerous products (retention bins).
- Ensure the display of product accounting sheets.

For the management of dangerous products, please refer to the documentation : Information sheet – Management of dangerous products (FR)

ii. PRODUCT STORAGE

Once the storage units can receive the goods properly, it is necessary to respect the following rules:

Storage rules	Guarantee the condition of the products	Optimize storage space	Ensure Security	Secure the goods
Define an **unique** location has each product		X		X
Organize the products by destination or product family *(Example: items of breakfast must be in the same area)*		X		
Tidy the items, that facilitate the counting		X		
Remove primary packaging for opened packages (discarding or plastic)				
Separate the different families of products to limit the risk of cross contamination	X		X	X
Place bulkiest/heaviest items in down	X	X	X	X
Don't place sensitive / fragile items at height	X	X	X	X
Place the products that has high rotation to locations that are the most accessible and allow a storage volume by adapting the hardware	X	X	X	
Throw all the unnecessary packaging		X	X	
Define the sense of traffic to facilitate people and products movements	X		X	
Use of retention bins for dangerous products	X		X	X

iii. IDENTIFICATION OF STORAGE UNIT

To optimize logistical operations of storage, preparation and inventory of stored goods, it's important to identify storage units. Marking can be done at 2 levels:

- Identification of the storage area: name of the reserve, types of products stored, identification of the associated computer storage area.
- Identification of products stored within each reserve: product name, item code, packaging. Product markup can also incorporate barcodes to use mobile terminals to identify stored products.

It's also recommended to identify storage areas within a reserve (example: pastries, breakfast, etc.).

To prepare storage units identification, it's important to :

- **Withdraw all ancient label potentially present in the storage units:** to avoid confusion, it is necessary that all the labels positioned in the reserves correspond to the active item codes in the stock management tool
- **Print all labels from the product repository** : labels can be printed by location or by product family to enable more efficient identification and labeling.
- **Equip yourself with suitable label holders:** the use of label holders should be preferred. This allows flexibility in label positioning on the shelf and avoids the difficulty of removing labels stuck to the storage furniture.
- **Label positioning:** a unique label is positionned to the left of the first unit of the stored product. The following label delimits the storage space dedicated to this product (see ***Erreur ! Source du renvoi introuvable.***)
-

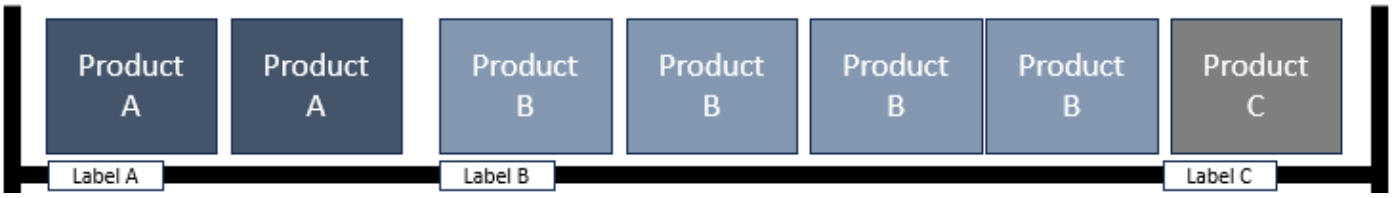

Figure 2 - Positioning of labels

b. MANAGE DAILY STOCKS

Once the reserve is well organized, it is important to follow precise rules on a daily basis when entering and exiting stocks to guarantee a correct theoretical stock, good storage conditions, precise replenishment information or even limit obsolescence of products to limit storage costs.

i. STORAGE RULES

- **Entry in stock:**
  - Check the quantity of goods delivered to ensure that they correspond to the quantity ordered.
  - Check that the products received correspond to the items ordered.
  - Ensure that the quantities received entered in the stock management tool match with the physical quantities delivered.

⚠ The quantities on the delivery note must be **verified by a physical count** of the goods.

- **Timing for storage of goods:**
  - Put away refrigerated/frozen products within 15 minutes of arrival.
  - Put away other products as quickly as possible to reduce clutter in the aisles and delivery dock.

- **Partially unpack the items:**
  - Remove excess packaging (to avoid unnecessarily clutterring the storage units)
  - Check the condition of the packaging before putting it into stock (and protect the items if necessary)

- **Put the product in its place:**
  - Never store a product on the floor
  - Ensure that the product is stored in its correct place using the markings in place.

💡 For details on this operation, refer to Good receipt management procedure

ii. FIGHT AGAINST PRODUCT OBSOLESCENCE

To limit waste and therefore economic loss, it is important to take concrete actions against inventory obsolescence; Particular attention must be paid to products with a short lifespan.

The preferred stock management rule is therefore **First Expired First Out (FEFO).** This rule is that the item with the shortest remaining life should be the first to go out of stock. This helps to minimize the risk of expiration, and therefore loss, of items in stock to limit the potential obsolescence of goods and thus minimize storage costs. The following additional rules also help leverage product obsolescence:

- Check the UBD of the products received, refer to document INS23_UBD Management (it is possible to refuse goods if their DLC is too short: see Good receipt management procedure - EN
- When storing received items, rotate them by placing the items with the shortest lifespan in front so that when preparing the goods for requesters, these are taken out of stock first.
- A regular check, at least weekly, of expiry dates must be carried out in the storage units. In case of an imminent expiry date or large volume of goods, it is important to notify the department managers concerned (mainly the Chief) to encourage a quick consumption of these products and avoid waste. Short-dated items must be recorded weekly in a paper report which must be displayed at the entrance of the storage area concerned to ensure that these products are taken out on time. The period to be covered is a minimum of 7 days, which means that all items expiring within 7 days and their quantities must be listed. The items taken out are crossed out as they go out to visually check that all the products expiring within 7 days are consumed. At the end of the period covered by the inspection (7 days), a new reading is carried out. Expired goods that have not been removed must be destroyed and the stock adjusted with the corresponding reason .
- Particular attention must be paid to slow moving items by regularly communicating to the RDS the references and quantities concerned.

In the COUPA software, for destruction this involves a cycle count of these items by choosing the reason 8-Broken/ destroyed.

iii. CONTROL OF STORAGE CONDITIONS

To guarantee the condition of stored products, it is necessary to respect the following rules:

In cold rooms:

- Measure the temperature of each cold room at least twice a day and record the temperature measured on Epack Hygiene Book de formation e-pack.pdf. In the event that digital recording is not available, it is necessary to use the temperature monitoring sheet (Cf PMS DS05_SUIVI_T°C_STOCKAGE_NEGatif_2022 / DS05B_SUIVI_T°C_STOCKAGE_POSITIF_2022) and archive them for 1 year.
- Ensure that the temperatures recorded are correct. (For more details on the temperatures to be respected, refer to the PMS Temperatures & Storage Method)
- Regularly check that the ventilation source is not obstructed, clean and that the air is circulating correctly
- Regularly check that all packaging is in good condition to guarantee the conservation of the products
- Carry out regular maintenance of cold rooms according to the cleaning and disinfection plan defined for these spaces and record them on the Epack Hygiene digital medium. If digital recording is not available, it is necessary to use the cleaning monitoring sheet (see PMS Generic Cleaning Monitoring Plan) and archive them for 1 year.

⚠ The cold rooms for products consumed upon receipt (fresh meat, fresh fish, fruits & vegetables) being for the use of the applicants, the cleaning of these reserves must be the responsibility of the applicants unless otherwise agreed locally.

- Make sure the doors of the storage rooms are closed correctly as much as possible, particularly during the periods of defrost

⚠ If a malfunction is observed, the technical service must be alerted immediately. Depending on the core's products temperature : either they are thrown away or stored in another operating cold room.

ℹ For more details on good practices for using cold rooms, refer to DS05_SUIVI_T°C_STOCKAGE_NEGatif_2022 / DS05B_SUIVI_T°C_STOCKAGE_POSITIF_2022

ℹ Setting up a maintenance contract will ensure proper maintenance and quick repair of refrigeration systems.

In dry reserves:

- Depending on the weather conditions in the resort, the humidity level in the storage units must be checked regularly and means of controlling the humidity level must be put in place to preserve the product quality.
- Regularly check that the ventilation source is not obstructed, clean and that the air is circulating correctly.
- Regularly check that all packaging is in good condition to ensure the conservation of the products.
- Report any presence of pests immediately
- Carry out regular maintenance of dry reserves according to the cleaning and disinfection plan defined for these spaces and record them on the Epack Hygiene digital medium. In the event that digital recording is not available, it is necessary to use the temperature monitoring sheet (see DS05_SUIVI_T°C_STOCKAGE_NEGatif_2022 / DS05B_SUIVI_T°C_STOCKAGE_POSITIF_2022) and to archive them for 1 year

⚠ If anomalies are detected , it is important to alert the VLS without delay to implement corrective actions.

c. MAKE STOCKS RELIABLE

i. WHY ?

The objective of effective inventory management is that the theoretical stock is aligned with the physical stock. Theoretical stock data is basic data for replenishment. An accurate theoretical stock limit stock shortages and overstocks that have the following negative effects:

- **Out of stock:**
  - Customer dissatisfaction.
  - Disorganization of logistics services and requesters.
  - Wasted time associated with disorganization and searching for troubleshooting solutions.
  - Variability of supply which can cause supplier shortages.
  - Increased reordering costs: Additional rush order fees may be applied by suppliers.

- **Overstocks:**
  - Unnecessary workload
  - Storage areas overload.
  - Loss of time during handling and preparation operations associated with the storage units overload. .
  - Difficulty in counting which could lead to errors during inventory counts which will lead to inadequate supply and generate additional overstocks or stock shortages.
  - Increased storage costs (warehousing, handling and security fees)
  - Deterioration of products
  - Depreciation of products (notably SHE)
  - Increased risk of product obsolescence

Making stock reliable therefore helps avoid both overstocks and stock-outs and is essential for maintaining an efficient and profitable supply chain. Any entry and exit of stock must therefore be entered into the stock management tool used. This is why it is important to carry out exhaustive inventories counts but also regular cycle counts, to ensure that the theoretical stock corresponds to the physical stock and to limit discrepancies.

ii. HOW TO ?

Theoretical stocks can be made more reliable in two ways: by carrying out inventories counts and/or by carrying out stock regularizations.

1. Inventories Counts

The objective of these inventories counts is to check the differences between the quantity of goods physically available in the storage unit and the theoretical quantity given by the stock management system.
It makes it possible to update the system data to enable better management while identifying the causes of these discrepancies (forgetting to enter an operation, obsolescence of products, theft, etc.) and to take the associated corrective actions.

The inventory count is a legal obligation to which all companies are subject at the end of a financial year. It results in a physical and systematic counting and verification of merchandise stocks.

INVENTORY COUNT TYPES

- **Start and end of season inventory count:** This exhaustive inventory count must be carried out at the opening and closing of the season in case of seasonal resorts.
    - For the opening of season, this allows of confirm that the physical stocks are matching with the reprise of stocks performed at the opening.
    - For closing of season, this one allows to historicize the stocks has the end of season before the interruption of the activity of resort and there fence an accountant. For more details on the logistical activities of closing a resort, refer to the Resort closure procedure
- **Monthly inventory count (or end of month inventory count) :** This inventory count exhaustive must be accomplished to enable the accounts to be closed at the end of the month. (min 72hours before end month)
- **Cycle count :** This inventory count, no exhaustive, can be accomplished has any moment to control the stocks of a given storage unit/family. This counting method is less penalizing for the resort, which has the possibility of only partially stopping its activity. It is mandatory to carry out regular cycle count (at least once a week) in small storage areas or a specific product class (high value, high or low turnover) to have a reliable theoretical stock.

An inventory count must be accomplished **has minimum a times by month** in each resort at moment of their monthly closing. All inventory items must be accounted (F&B and Supply), but it is important to ensure that each item is only counted once. The inventory can be carried out by manual counting or with the PDA.
For more details, refer to the COUPA sheets: How to take an inventory and justify discrepancies with PDA and without PDA

In the case of SHE, items not managed in stock by the IT systems must be the subject of an inventory outside the system to secure supplies by providing the stock present in reserves. A SHE inventory must be carried out at the beginning, middle and end of the season.

For more details on this activity, refer to the procedure SHE Inventory Procedure

Tip: when picking, you can also check limit dates, which saves time and makes the control more exhaustive (qualitative/quantitative)

1.2.1 General considerations

To be as reliable as possible, an inventory count must be conducted using methodology:

- Inform all requesting services in advance that an inventory count will be carried out at a defined period. Ask them to anticipate their orders for the time necessary to process the inventory count, reminding them that no goods will be released during the defined period.
- Ensure the availability of the equipment necessary for counting.
- Make counting easier by tidying the storage unit and getting rid of primary packaging for opened packages.
- Review the inventory procedure of the stock management tool used.
- Finalize all current transactions and clean up obsolete transactions.
- Print inventory listings by zone.
- Distribute the counting load among storekeeper. Assign storage areas with the highest impact in terms of value or output to trusted storekeeper.
- Scan or count all product logically: for each shelf, scan or count from the top left product to the bottom right product so as not to forget any product
- Ensure that counting is done respecting the handling units (UoM)
- Check the remaining lifespan of items and make appropriate decisions (see also "*FIGHT AGAINST PRODUCT OBSOLESCENCE*"
- Identify counted shelves using appropriate visual marking
- Organize a sample recount of items with the most impact in terms of value or quantities.
- Enter the associated quantity and validate the entry when using PDA
- Make a visual check that all storage units have been counted using the identification set up previously
- Process inventory count discrepancies using the appropriate reasons for each discrepancy
- Recount significant and/or inconsistent discrepancies
- Communicate the end of inventory and resumption of orders

⚠ **Once the inventory is finalized , the discrepancies must be systematically analyzed and justified, particularly negative quantities, and transmitted to the Financial Manager / Chef. The documents must then be archived if necessary.**

- **Coupa:** once the inventory entry is complete, the software allows you to consult a discrepancy report (*Reports > Reports > Inventory->Cycle Counts history report > in Show choose CM_Inventory discrepancies)* which does not require validation by the manager. This report can be sent to the FMA to inform them of any discrepancies.
  For more details, refer to the COUPA sheets: How to take an inventory and justify discrepancies with PDA and without PDA

- **Ecomat Web** : printing of the list of inventory discrepancies for analysis and correction, if necessary. Archive all printed

⚠ If barcodes are scanned, verify that the label corresponds to the product being counted.

1.2.2 *Carrying out an inventory count on Ecomat Web*

A choice between 2 types of inventory count will be request :

- **Monthly inventory** : Choose this option for all exhaustive and mandatory inventories counts (end of month inventories and beginning or end of season inventories)
- **Inventory has there request** : Choose this option for the cycle counts of a storage unit given (function notably used for the inventories bar allowing the calculation of Barcost)

For more details, refer to ECOMAT Web User Guide

1.2.3 *Carrying out an inventory count on COUPA*

To carry out an inventory count in COUPA, refer to the sheets : How to carry out an inventory and justify the discrepancies with PDA or without PDA .
It is imperative to carry out the dereservation of the current quantities on the items to be inventoried before carrying out the computer processing of the inventory count.
It is also important to choose the correct reason when justifying deviations.

For COUPA, the 5-Cycle Count pattern must be used exclusively for cycle counts.

Input by mobile terminal should be preferred when available. In fact, this generates a **significant time saving** since it avoids having to re-enter quantities by the VLS or VLC.

Motif :
1 - Unjustified
2 - Picking Error
3 – Counting / Weighing Error
4 – Product Inversion
5 – Cycle Count
6 – Broken / Destroyed
7 – Request Error
8 – Obsolete Stock
9 – Warehouse return
10 – Supplier Return (End of Season)
11 - Sales
12 – UOM Error
13 – Coupa Data Rectification (Only Admin)
14- Goods Transfer
15 – Goods Reception Error

Figure 3 - COUPA pattern

2. *Regularization input*

It is important than that at all moment, the theoretical stocks In Ecomat Web Or In Coupa are an exact reflection of reality. Orders based on poor stocks may cause shortages or overstocks (see MAKE STOCKS RELIABLE/ WHY ?). Stocks regularizatuib is therefore an essential and regular activity of logistics teams which must be done each time an anomaly is noted.

2.1 Stock regularization in Ecomat Web

In Ecomat Web, you can regularize the stocks with a specific stock requisition form and distinguishing the positive and negative outputs.

2.1.1 Observation of a physical stock discrepancy by the village logistics team

Control of the stocks by location / picking / category of article

2.1.2 Seizure of regularization

In case of difference between theoretical stock and actual stock, seizure In Ecomat Web on two specific exit vouchers:

a) " **Regularization (+)** » For stock clearance
b) " **Regularization (-)** » For stock reintegration created in this aim only with the menu " *Movements products* » on Ecomat Web

2.1.3 Monitoring of regularizations

Signature of the stock requisition form by the Service Manager and the Financial Manager and archiving in the internal control folder .

⚠ The entry of stock requisition form is reserved for the VLS/RSA of the village.

So, the theoretical stock will be able to regularized through 3 ways in Ecomat Web :

- During of the inventory monthly in end of months
- By regularization by the Financial Manager
- By Stock requisition form

2.2 Regularization of stocks in COUPA

In COUPA, there is no stock regularization module. Stock adjustments are therefore made using a cycle count.

⚠ Justification of discrepancies must be done by choosing the appropriate reason (see Carrying out an inventory on COUPA) and not with the 40-Cycle Count reason.

💡To carry out an inventory in COUPA, refer to the sheets How to carry out an inventory and justify the discrepancies with PDA and without PDA 🎧