

The objective of this procedure is to detail the standard internal procurement process for goods, from the request initiated by the Service Manager to the delivery to the respective service.

Internal procurement procedure

SC-P-WW-02

GLOBAL PURCHASING & SOURCING DEPARTEMENT

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LEXICON

CLV: Village Logistics Coordinator

GEC: Catalog Management

GM: Kind Member

PDA: Personal Digital Assistant

RDS: Service Manager

RFI / RFS: Financial Manager

SLV: Village Logistics Supervisor

UOM: Unit Of Measurement

I) OBJECTIVES

The objective of this document is to detail the internal supply process of goods in the resort, aiming for the following

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


The customer need is materialized by the applicants in the village who are the internal customers of the supply chain. This document is intended for all Club Med village users. (SLV, CLV, Suppliers, SSL, RDS, RFI, RFS, etc.) who all contribute, at their level, to improving the Group's Purchasing performance towards internal and end customers represented by GMs by participating in the Purchasing and Logistics process.

The internal 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	Places internal orders
	Controls the quantity and quality of internal orders made available
	Accepts internal orders
	Complies with operating agreements
	Applies and enforces good IT tool practices within their team
	Participates in developing and updating standard purchase orders or stock orders
	Actively collaborates with VLS on all elements relating to internal replenishment to streamline the flow and maximize efficiency
VLS	Controls and validates stock orders
	Delivers products
	Enforces operating agreements
	Applies and ensures the application of good IT Tool practices by the teams
	Updates replenishment data
	Is responsible for developing and updating standard purchase orders or stock orders
	Actively collaborates with Service manager on all elements of internal replenishment to streamline the flow and maximize efficiency
VLC	Assists the VLS in their tasks
Storekeeper	Physically prepares internal orders
	Reports any data inconsistencies to CLV/VLC (wrong theoretical stock, packaging unit) during internal order preparation
	Identifies prepared internal orders based on the requester
Buyer	References products to be ordered in supplier catalogs
	Analyzes and updates, if necessary, inconsistencies in item data reported in supplier catalogs
	Transmits supplier catalog information to the GEC for entry into the appropriate IT system
GEC	Enters supplier catalogs into the appropriate IT system

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

III) DOCUMENTS

[External procurement procedure](#)

[Good receipt management procedure](#)

[Inventory management procedure](#)

[Service manager guide](#)

[VLS guide](#)

[Procurer guide](#)

[Ecomat Web User Guide](#)

[COUPA User Guide](#)

Coupa Sheet 1: [Make an internal supply request for an item present in the village stock](#)

Video tutorial: [How to place an internal stock order](#)

Coupa Sheet 2: [Make an internal procurement request for the Bar](#)

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.

It also allows the detection of misunderstandings or anomalies and therefore, the update of documents involved if need be.

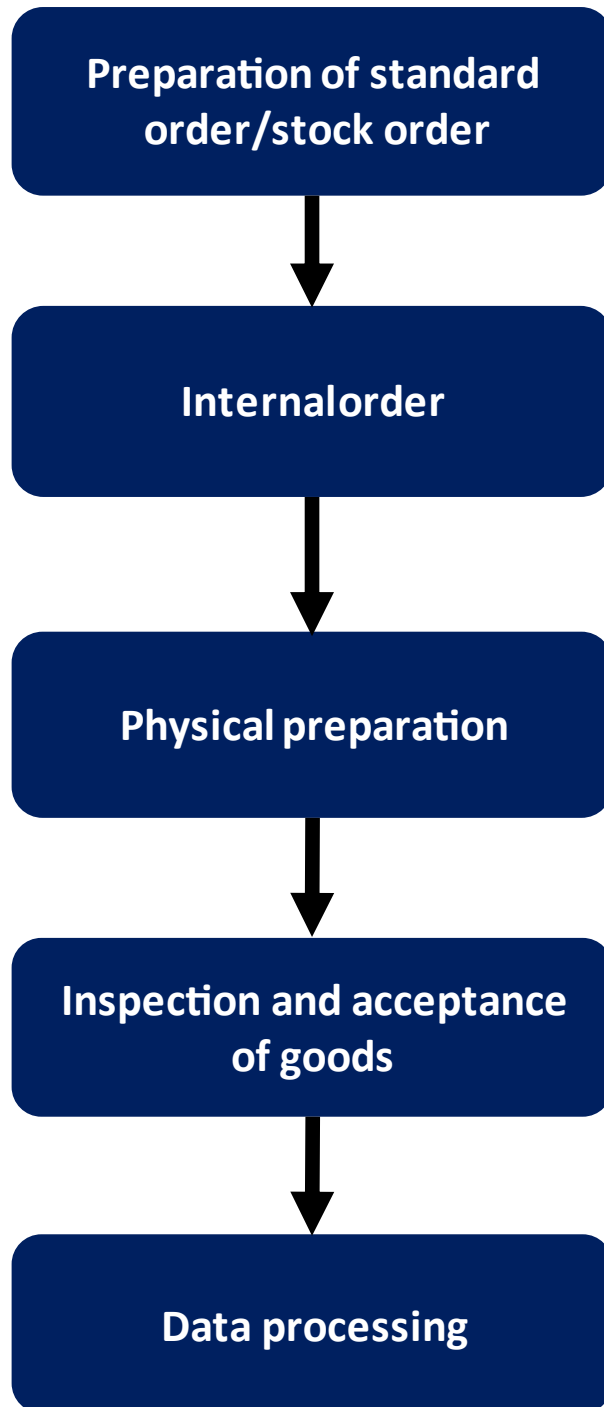


Figure 1– Internal procurement flowchart

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.

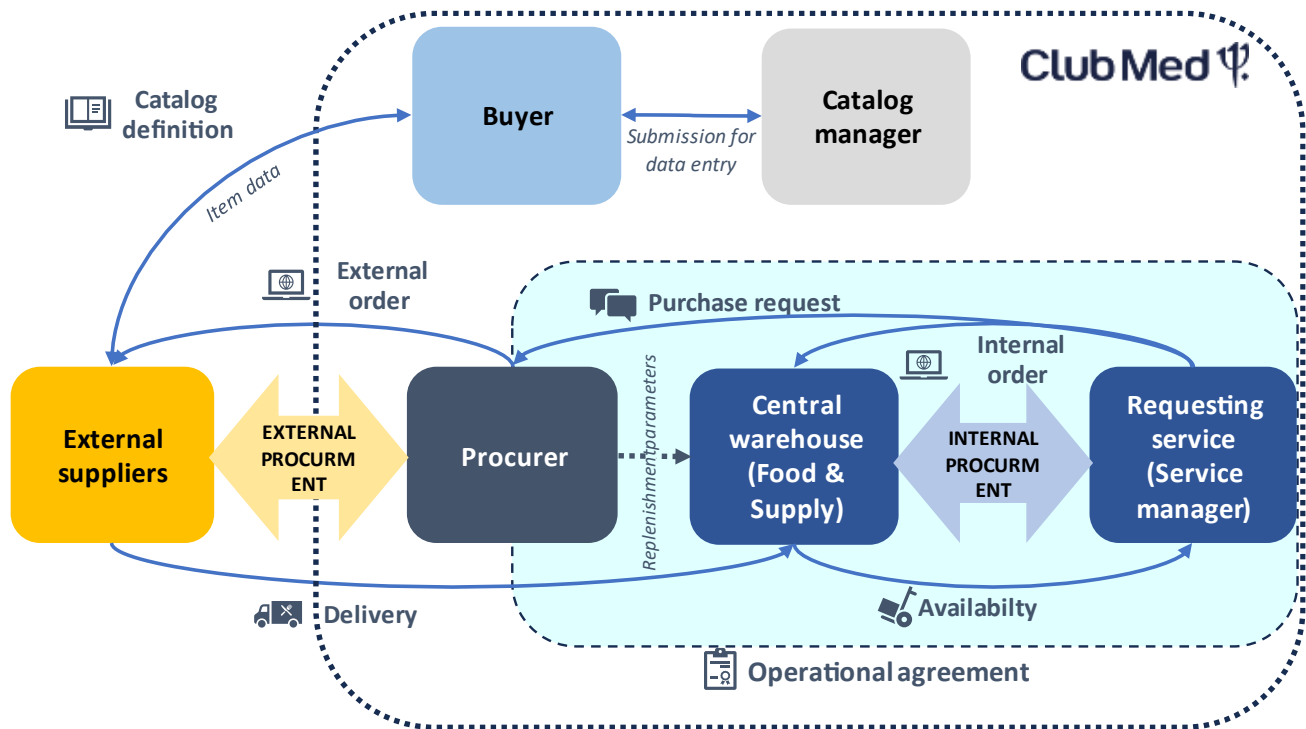




Figure 2- The global supply chain

- **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 internal procurement process. For more details on the external procurement process, refer to the [External 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

b. Internal order or stock order

The goods required by the Service manager (internal customers) must be available in stock in the expected quantity and quality to ensure the required quality level for end-customers (GM).

💡 For more details on the preliminary steps, refer to the [External procurement procedure](#)

The service manager must place an internal order or a stock order to have the necessary goods made available to them.

The provisioning process is described in *Figure 3 - Process of making goods available* and detailed in the subsections of this section.

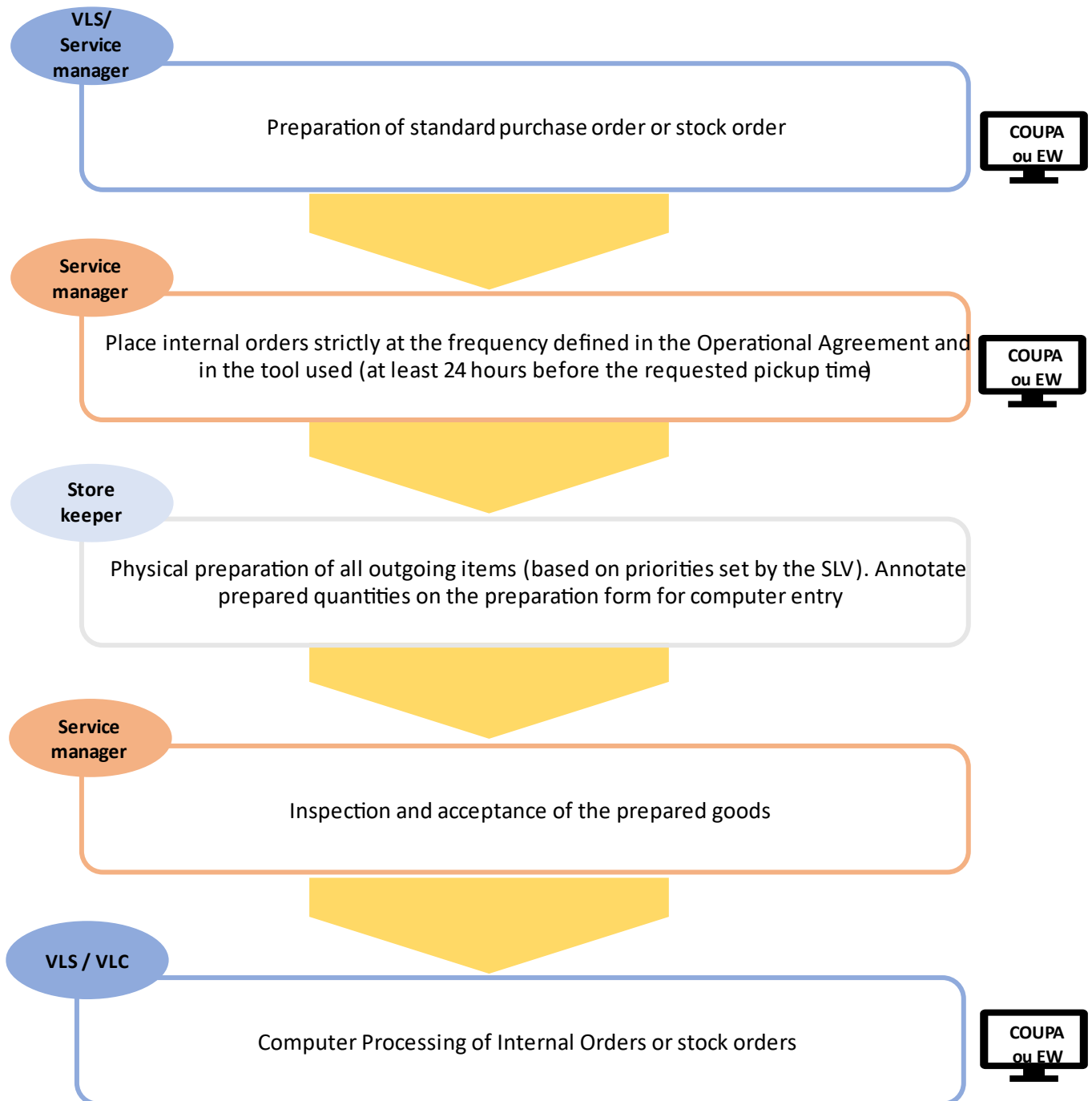


Figure 3 - Process of making goods available

i. Preparation of Standard Purchase Orders or Stock Orders

Standard Orders or Stock orders must be set up by type of requester, product or buffet. These forms list all items to be ordered (or the most recurring ones) during the season and which are necessary for the service that the service manager must provide to end customers.


This with the following objectives:

- **Quick** : no need to select all items individually with each order
- **Reliability** : ensures that the right products are ordered

These standard purchase orders or stock orders must be reviewed before the start of each season by the VLS and the concerned Service manager. They must be used for all internal orders. Any anomaly in the replenishment data or the absence of certain products must be reported to the procurer as quickly as possible for corrective action with the relevant contacts.

They must also be reviewed as early as possible during the season for adjustments. Indeed, poorly or partially configured Standard Orders have significant impacts on the proper functioning of internal replenishment and therefore on the quality of service provided to the service manager.


For example, the wrong item might be selected during the season preparation.

 To ensure continuity of service, some critical items may be purchased from multiple suppliers. Therefore, there are main and alternative references for the same product. It is crucial to have at least the main reference in the Standard Orders/Stock Requisition Forms. Alternative references can also be included if they do not disrupt their good use.

ii. Internal order placement

The internal order must be placed using the appropriate IT tool with the Internal Orders or Standard stock orders.

No goods can be released without a stock order. Depending on the requester's position, approval may be required. This can be done by paper signature for ECOMAT WEB or with an approval workflow on COUPA.

 For more details on internal supply (F&B (excluding fees and cash bar) in COUPA, refer to the [Internal replenishment in Resort](#). For internal pay bar orders, refer to sheet 2: [Internal replenishment for the Bar](#)

 The internal order must be placed within the time limits defined in the operating agreements



 In COUPA, we can add an approver or an observer in the approval workflow

COUPA Best Practices

- Using standard stock orders
 - Check available stock and only order items with available stock
 - Consider the packaging unit (example: order by the box or by piece)
 - Report any inconsistencies in the data detected (wrong theoretical stock, packaging unit) for adjustment of the Standard Purchase Order / Stock order
 - For items managed by weight, order a quantity greater than the average weight of the item
 - The use of the search bar for orders should be limited to exceptional use (if an item is absent from the standard order, it should be added)
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iii. Physical preparation


The physical preparation of products should follow the established best practices:

- **Use of appropriate equipment :** Preparation must be carried out using equipment suitable for storage areas and order volumes. Trolleys or roll containers that can move through aisles are essential. Stackable crates should be used to minimize the risk of falling.
- **Optimizing the route:** Items should be prepared by retrieving products in the order of their storage locations to minimize travel distances. This enhances operational efficiency while adhering to the following criteria :
 1. Storage temperatures
 2. Weight
 3. Volume
- **Preventing physical risks from handling:** Special care should be taken during the physical preparation of orders to reduce the risk of injury, especially when handling heavy or bulky items.
- **Adhering to storage rules:** Prepared goods must be stored under conditions needed for their preservation until they are made available to the requesters.
 For more details on this activity, refer to the [Inventory management procedure](#)
- **Inventory management:** The physical preparation of products provides an opportunity to check expiry dates, ensure proper rotation, discard unnecessary packaging, and organize products to facilitate future handling and counting.
 For more details on this activity, refer to the [Inventory management procedure](#)
- **Marking the preparation note:** whatever medium chosen, it must be annotated with the quantities prepared for data entry on the IT system. Any information that is useful to computerized stock management can be recorded there, such as the mention that the entire stock has been withdrawn (for example: entry of the mention “TS” for “Total Stock”).
- **Identifying prepared orders:** internal orders prepared must be identified by their destination (Example: Hot Buffet evening) and, if possible, by their order number using reusable plastic supports or a slate.

iv. Control and acceptance of goods

Once the order is prepared and ready for pickup by the requester within the specified timeframe, the entire shipment must be inspected by the requester for quantity and quality.

If discrepancies are detected, they must be physically corrected, and the preparation note annotated accordingly. It is the requester’s responsibility to check and accept the goods. Failure to inspect implies acceptance of the quantities listed on the preparation note.

 Depending on the operating agreements, the requester may be required to sign the preparation note to confirm acceptance of the goods.

v. Data processing

1. Entering prepared quantities into the IT system

There are two methods for data entry: with the desktop application on the computer or with a mobile terminal (PDA)

Desktop application

Using the order number, the VLS or VLC enters the quantities physically prepared by referencing the annotated preparation note to carry out stock withdrawals and update the theoretical stock of the items. If a discrepancy is noted between the prepared quantity and the theoretical stock, it should be corrected promptly to ensure accurate theoretical stock and reliable supply chain processes.

Mobile terminal

Prepared quantities are entered directly on the mobile application. The preparation note can also be printed with the prepared quantities written at the end of preparation to facilitate the requester's inspection.



Input with mobile terminal should be preferred when available. In fact, this creates a **significant time saving** as it prevents the SLV or CLV from re-entering quantities.

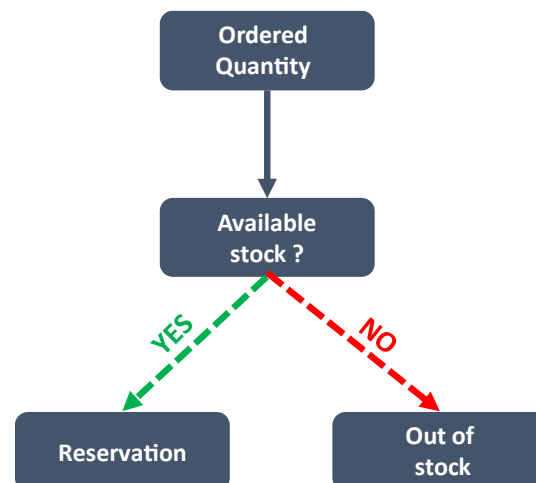


Figure 4 - COUPA : reservation & out of stock

2. Internal Order Process

Once quantities have been entered electronically, internal orders need to be processed into the IT system.

COUPA


When a requester places an internal order, this affects inventory in two ways (Cf. [Figure 4 - COUPA : reservation](#)):

- If the available stock fully or partially matches with the quantity ordered, the available stock quantity is *reserved*.
- If the available stock does not fully or partially match the quantity ordered, the unavailable stock is *out of stock*.

Unreservation

When entering output quantities onto the IT system, only available stock quantities can be processed electronically.

- If a higher quantity has been prepared, it means that a quantity has been reserved by another requester or that the theoretical stock is incorrect and requires immediate correction to ensure the supply chain reliability.
- If a lower quantity has been prepared compared to what was ordered, it means that there is an incorrect theoretical stock or an error in the requester's order. The VLS or VLC should:
 1. Update the standard order/stock order for future orders in agreement with the requester
 2. Unreserve quantities that could not be fully or partially prepared.
 3. Adjust stock to bring theoretical stock up to date

 For more details, refer to the [Inventory management procedure](#) and to Coupa Practical sheet 1: [Make an internal supply request for an item present in the village stock](#)

Out of stock

Items ordered with no available stock are considered *out of stock* by the system. It is imperative to process these lines to ensure the reliability of the supply chain. This is done by closing out-of-stock order lines.



Any stock shortages due to incorrect stock must be reported and communicated to the relevant parties for consideration in the replenishment of the references concerned.



For more details on processing and receiving internal orders in COUPA, refer to sheet 1

[Internal Village Supply](#) or to sheet 2 for internal orders from the pay bar: [Internal Pay Bar Supply](#)

COUPA Best Practices

- Regularize as soon as possible any detected stock discrepancies during data entry onto the IT system
 - Update the standard Orders/Stock orders with the relevant Service manager
 - Systematically unreserve quantities still reserved after data entry for each internal order
 - Systematically close out-of-stock lines after data entry for each internal order
 - Regularly clean-up (once a week) reservations that are no longer needed (reservation with a need date > 4 days). This check is mandatory before starting a cycle count.
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