TULCO OILS	Returns \ Credit Memo SOP 104 Revision G, 10/16/2019 Approved by: Don Stanton

PURPOSE: Returns are triggered when Customers receive the wrong product, damaged product, or request to return unopened new product. Various scenarios are listed below as example **Return Scenarios**. Creating a return Order is accomplished by entering a negative quantity on a normal sales order type. Returns indicate product is being brought back to the facility physically or logically in the system. The quantity multiplied by the unit selling price will create the extended value or credit to the Customer.

All Scenarios listed below require the quantities to be returned to the warehouse and be placed in "quarantined status" (deacom PO QC Testing). Quality Assurance will release good product back into the finished goods inventory. Damaged or contaminated goods will be repurposed or scrapped by the Quality Assurance Manager.

EVERY RETURN / CREDIT MEMO MUST BE DOCUMENTED IN CRM.

- *CSR / SALESMEN* - DESCRIPTION OF THE PROBLEM AND WHY RETURN OR CREDIT IS NECESSARY
- *QUALITY ASSURANCE* - DOCUMENT THE DISPOSITION AND CORRECTIVE ACTION AS NECESSARY
- *INVENTORY / ACCOUNTING* – ADJUST QUANTITIES OUT OF STOCK

Return Scenarios:

1. **Return of good product** for a full refund
   a. Enter item being returned
   b. Enter negative Quantity for the amount being returned
   c. Enter unit price of item being returned
   d. Enter restocking fee as needed
2. **Return for bad product** for a full refund **Same as good product**
   a. Enter item being returned
   b. Enter negative Quantity for the amount being returned
   c. Enter unit price of item being returned
3. **Return of good product** and send a replacement
   a. Enter item being returned
   b. Enter negative Quantity for the amount being returned
   c. Enter unit price of item being returned
   d. Enter restocking fee as needed
   e. Create a new order for new product to be shipped. The customer will have a new invoice for the new product, a credit memo for the returned product
4. **Damaged product or wrong product** not physically returned because of cost or other reasons
   These items will be returned "Logically" and QC will review the documented issue in CRM and determine the appropriate disposition. QC will follow up with necessary corrective actions
   a. Enter item being returned
   b. Enter negative Quantity for the amount being returned
   c. Enter unit price of item being returned
   d. Enter appropriate restocking fees
5. If there is a **Pricing Error** on the customer Invoice – See **Accounting Dept.** (Credit / Re-Bill) SOP *261_Price Adjustments* to create a pricing adjustment invoice or a "clean new invoice" for the customer records.

PROCESS STEPS:

1. Obtain a **copy of the "*original Sales Order*"** that is needed to be corrected
2. Obtain the "original Sales Order – Part Number" Batch Number / Lot Number / User Lot for the item(s) returned
    a. Sales > Sales Order Management > enter Sales Order = "original Sales Order" > View
    b. Click View Detail > click Inventory [soft button]
    c. Locate the Part Number being returned, note the **Lot Number**
3. Navigate to Sales > New Sales Order
4. On the General tab:
    a. Select appropriate Bill-To Company by clicking on the magnifying glass
    b. Select appropriate Ship-To Company by clicking on the magnifying glass
        Note: The default header fields will be auto-populated by selecting a Bill-To Company, or over-ridden by the user.
    c. Enter the Customer Purchase Order Number into the Bill-To PO field and Ship-To PO field if that information is provided
5. On the Misc1 tab,
    a. Confirm the Freight and Ship Via fields are correct. If incorrect, change by clicking on the magnifying glass and selecting another option
    b. Click the magnifying glass in **Link to SO** field. Choose the "*original Sales Order*" this credit references
6. Click the Dates tab and fill in the applicable date fields:
    a. Enter the Wanted Date
    b. The Due to ship date will calculate based on the delivery lead time
        Note: Due to ship is the date used to drive demand in MRP and must be filled in for demand to flow properly
7. Click the Add button to begin adding parts to the sales order. The 'Edit Sales Order Line' window will open. (see the different scenarios above)
    a. In the Cust. Part Number field, click on the magnifying glass to search for the part. If the "*original Sales Order's*" part is not shown follow step 6.a.i. below
        i. Use the Part Number field if the desired part is not listed under Cust. Part Number.
    b. Enter the Quantity from the "*original Sales Order*" as a **negative number** because this product is being returned
    c. Enter the dollar amount in the Unit Price field that is shown on the "*original Sales Order*"
    d. Verify the Extension, Sales Unit, and Pricing Unit fields all are correct
    e. Click Next to add additional parts and follow steps 7 a. through d.
    f. **IMPORTANT:** On the last Sales Order Line, **Add Line Notes** to describe the reason for the Credit Memo and who approved the Return. (i.e., *Item Unopened, was over ordered, approved by STB*)
    g. Click Save and close the 'Edit Sales Order Line' window
8. Return to the General tab
9. Click Save – this will generate a Sales Order number in the Order Number field on the General tab

This order will need to be shipped to return the goods to the warehouse facility and placed in quarantine hold. See SOP *234_Shipping Sales Orders and Transfers* – **SHIPPING CREDIT MEMO: (Return)** section. The shipping will take place when the goods are received by the warehouse manager. *Picking list* and *proforma Bill of Ladings* can be printed for Tulco delivery personnel to use when picking up the returned products. See the Scenario's above for further clarification.

Note: All sales orders can be viewed and edited by navigating to Sales > Sales Order Management and clicking on the 'View' magnifying glass with order type set to "Sales Order' and order status set to 'all orders' or 'not shipped.'

REVISIONS

Rev	Date	Change
I/R	11/16/17	New
A	8/3/18	Adding Cust. Part Number as 1st step.
B	11/2/18	Add **see Tulco Deacom Admin** for steps to be completed.
C	12/18/18	Change CPXR steps
D	9/3/19	Change Purpose and Return Scenarios
E	9/4/19	Clarify steps in process
F	9/6/19	Add steps from SOP review
G	10/16/19	Change name of Security Group: "Salesmen"