601 & SPP 801: Material and Supply Management

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Section: Purchasing & M&S Control
Subject: Material and Supply Management
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Policy

Materials and supplies are the second largest controllable expense in our Service Centers. As a result, the control of M & S greatly influences the profitability and success of the Service Center. The Service Manager will routinely analyze the M&S usage for individual routes at the Service Center and compare usage to company standards. If usage is significantly higher or lower than budget, the manager will determine if the usage is correct. If not, and it is the result of an error, the error will be corrected. If it is the result of mismanagement, the General Manager will make the necessary corrective action(s).

The standards for the percentage of revenue that can be spent on the materials and supplies for each business segment are provided on our Company Standards sheets. These can be obtained from your Regional Manager.

M&S CONTROL

We utilize Microsoft Dynamics 365 (D365) to evaluate and manage Service Center M & S expenses. This software is available via our Intranet.

M&S Control is achieved via the purchase, transfer of products from the warehouse to vehicles, and month end counts. Through effective M&S control, the Service Manager and the General Manager can

evaluate the material and supplies used by service personnel. By properly utilizing D365, management can:

- Determine whether materials and supplies are being issued and utilized according to the established programs and technical protocols.
- Establish a chain of custody of all materials and supplies outside the chemical storage
- Determine the total dollars of materials and supplies as a percentage of each route's total

All materials and supplies are to be issued by the Service Manager or General Manager. The Office Manager is also able to issue materials if the SM or GM are not present. Materials and supplies will be issued on designated days of the week.

Examples:

- PestPreventionProgram-Friday4:00M.to6:00P.M.
- Lawn and Tree/Shrub - Daily 4:00 P.M. to 5:00 P.M.
- Termite and Fumigation - Daily 4:30 M. to 5:30 P.M.

All materials and supplies issued are to be recorded by the Service Manager or General Manager in D365. This is to be completed by the manager at the time of issuance.

The procedure for transferring M&S to a truck is outlined in SPP 804.

GreenUP Daily Material Usage Summary

The GreenUP division is required to review each Specialist's usage daily in order to ensure that the agronomic program standards are being met. The lawn care segment has a defined application requirement for fertilizers and pesticides on a square footage basis. As an example, if a 5,000 square foot lawn requires five pounds of a product per 1,000 square feet we can evaluate how well we met the treatment requirements by measuring fertilizer usage daily. Daily evaluation of the M&S usage will ensure that application errors are identified and corrected quickly. The procedure for completing the GreenUp Daily Usage Summary is provided in SPP 805.

Counting Journal

Counting Journals are the most important part of the inventory process. Counting Journals must be completed ACCURATELY, reporting EXACTLY how much product, its location, regardless of what the

“on-hand list” says.

The monthly Counting Journal must be completed the last day of the month. Once the last technician/specialist leaves for the field, two managers, typically the General Manager and Service Manager, will complete a full count of all materials and supplies on hand. At no time will a manager complete the count alone. This count must be posted by the fifth of the month. While two managers complete the process, the General Manager is responsible for completing the Counting Journal.

The count is completed by generating a counting journal from D365. The procedure for completing this process is outlined in SPP 808- Creating & Reviewing the Counting Journal.

Inventory Recap Report

The Inventory Recap Report is a summary of all material and supply usage, by dollar amount, for the month. It is used to evaluate if M&S is being used in accordance with company standards. Directions on generating this report are outlined in SPP 808.

Inventory Tracking Report

This report is a summary of all M&S usage for the Service Center for the month. This form allows a manager to determine if there is a variance between the material storage room usage and what was actually issued to the Technician/Specialist.

The variance is the difference between what was issued from inventory and what was actually used by the Service Center. If there is a variance, a manager must recount to confirm the variance. If a variance remains the manager must determine why.

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