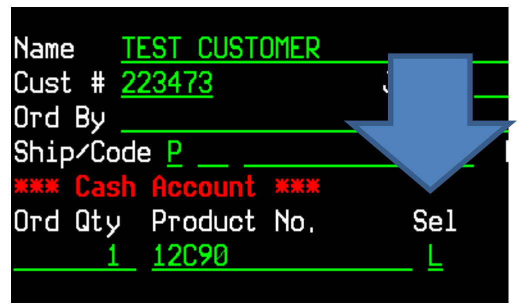
Defectives Training Flyer

One reality every wholesale distributor faces is warranty/defective returns. At Lee we pride ourselves on being easy to work with in regards to defective returns. Because of this it is important we all have a solid understanding of how to process a defective warranty. There is full Defectives Manual for Defectives that should be reviewed with everyone at the branch. This flyer is intended to serve as a reminder of some of the basics of defective returns.

If you have not read the Defectives Manual you are encouraged to before reading this. You can find the manual by clicking the hyperlink above.

Last Sale Check

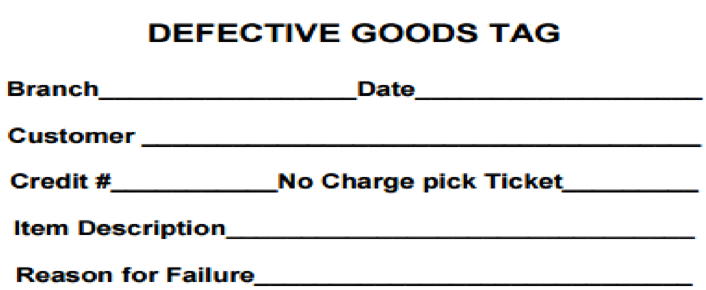
Although we want to be easy to work with when it comes to defective returns, it is important we make sure the customer actually bought the product from us. This can be accomplished in a few methods but the quickest would be Last Sale Inquiry. To do this enter the customer's information into the OE screen, enter the quantity and the item number for the product, and put an "L" in the select line. This will display any previous sales of the item to that customer.



If the item was a backslash you will need to go to OEI #9 and enter the customer and the section numbers that would've been used for the backslash into the screen. This will bring up any order for that customer with that backslash.

Defective Goods Tagging

When each branch sends defective items to corporate, each defective item should have a "Defective Goods Tag". It is very important for each branch to fill out every field on the tag, including the Item Number, Item Description, and Reason for Failure. When returning defective items to the vendors, the vendors will usually request the Reason for Failure before they approve the credit. This is why it is important for the Reason for Failure to be specific and detailed, allowing corporate to easily show the vendors where the defect is located at on the item. The tags should be completed by the individual that receives the item back from the customer to ensure the Reason for Failure is accurate.


DEFECTIVE GOODS TAG

Branch__________________**Date**____________________

Customer ______________________________________

Credit #___________**No Charge pick Ticket**_________

Item Description________________________________

Reason for Failure______________________________

Defective Transfer Form

All defective material sent to corporate needs to be listed on a Defective Transfer Form. As each item is placed in the defective area, it should be listed on the Defective Transfer Form by the individual who received the item from the customer. Each branch should accumulate their defectives throughout the week and continue to add on the same transfer form before sending to corporate, on a weekly basis. Each defective item listed on a transfer form should have the following documents attached with it:

- Credit Memo/ Sales Order/Pick Ticket
- Copy of any Cash Transactions
- If the damaged is due to Lee Supply, it will need an Inventory Adjustment Form.

It is important to include all of the required documents when sending defective items to corporate to ensure the credits are processed in a timely manner. The Defective Transfer Form should also be visible and easily accessible when sending a skid of defective items.

All branches are authorized to field scrap any defective Sterling items without returning to corporate, but these items still need to be listed on the Defective Transfer Forms as **Field Scrap**.

Entering Vendor Returns - Mincron

When a branch is returning a defective item to the vendor directly, each branch will need to enter a Vendor Return in Mincron.

Here are the steps to take:

1. Use Fast Path "VRM" #1
2. Enter vendor name or partial name to search for correct vendor.
3. a) Vendor Return Type **V = Vendor Return**
F = Freight Claim
R = Request for Credit

   Note: **F** should only be used when filing a claim with a truck line.
R should only be used when requesting damage allowance, labor credit, or pricing adjustments.

   b) Enter a vendor authorization number RGA/RMA if one was given.
c) Entered by Branch, Shipped by Branch, and date will default.
d) Enter your initials and if a vendor rep is doing an inspection, enter date of the inspection too. Fill out any notes if needed then press Enter.
4. The vendor address defaults on the next screen. If the vendor has given a different address for return of material, it <u>**MUST BE ENTERED**</u> here over the default address. Press Enter.
5. Enter quantity and the product number if a stock item. If item is a non-stock item, you will have to use the original non-stock number from the purchase order the item was received on.

   The "R" column is for the reason code:

   - W = Warranty (No effect on branch inventory)
   - O = Overstock/ Canceled (This will remove the quantity from the branch inventory)
   - F = Freight Claim (No effect on branch inventory)
   - D = Damaged Upon Receipt (This will remove the quantity from the branch inventory)
   - S = Damaged After Sale (No effect on branch inventory)
   - R = Request for Credit (No effect on branch inventory)

The “S” column:

- S = Serial Number Entry
- T = Tag to a Customer Credit Memo

Verify line items and press Enter.

6. System will assign a vendor return number.
7. If freight is to be credited, it can be entered on the freight line. This is generally if the vendor has shipped item in error.
8. Change vendor return status to “O” for Open.
   *Pick tickets to print defaults to “Y”-→ Be sure to change this to an “N” if you are not ready to print to VR.

Click on the link below to see the list of vendors that the branches are responsible for returning.
Branch Returns - Any defective items from these vendors will be a Branch Return. These should not be sent to Corporate. For more information, please click on the link for the Defectives Manual on Page 1.