

Inspection Processing of Inbound Goods for Manufacturing – Adding MRB to the Process

by Pat Martino

W E1 *Editor's Note: In this article, Pat Martino shows readers utilizing basic Receipt Routing functionality how to "kick it up a notch" to handle MRB and to get the real picture in your supplier analysis. Included is a "best practice" approach for handling the statuses and disposition of rejected or partially-rejected lots of received goods as it happens, instead of waiting until the end of the process.*

Introduction

JD Edwards® Receipt Routing functionality, contained in both WorldSoftware and OneWorld versions, allows companies to track inbound product through various steps, or operations, on the way from a supplier's dock, through receiving inspection, and on to stock. As an extra, Receipt Routing feeds statistical information to Supplier Analysis programs to give visibility of supplier performance.

In the September 2003 issue of JDETips, we presented an introduction to Receipt Routing and Supplier Analysis that covered the basics of system setup and a working example.

This article goes beyond the basics to explain how to integrate a Material Review Board (MRB) into the inbound inspection process as a tool to status rejected receipts and to provide more accurate Supplier Analysis ratings.

Business Case

In complex procurement environments, and particularly in manufacturing environments, companies frequently use a Material Review Board (MRB) within their Quality function to review inbound goods that have been inspected and found to be non-conforming to the specifications provided to the supplier. Once rejected receipts are reviewed by the MRB, they are dispositioned, or granted a ruling, on what is to happen next.

What's most interesting to a systems person is a list of requirements that comes from the MRB process that would need to be addressed by JD Edwards. To add MRB into the regular receiving process, which already includes receiving inspection, the system would need to be capable of:

- Allowing for the assignment of what items from which suppliers need to be inspected
- Monitoring the quality of, and assigning a "pass/fail" grade for each purchase order receipt quantity
- Recording of the rejection and the disposition of the MRB in a timely fashion
- Tracking the status of rejected lots through the process of review and disposition by the MRB
- Recording and tracking supplier performance in terms of quality

Using the basic setup of Receipt

Routing described in the first article, which has only two routing steps, INSP and STK, a number of the requirements are covered: controlling which items get routed to inspection, statusing inbound goods as being in inspection, and capturing inspection results in terms of quantities accepted and non-accepted.

For addressing all of the requirements in the list, however, the basic setup falls short in the following areas:

1. The basic setup involves recording a rejection at the end of the process, through the entry of a Disposition Transaction. Instead, rejections should be recorded as soon as they occur. Only the actual MRB disposition, or settlement, should be recorded at the end.
2. As for tracking the status of a rejected receipt through the MRB process – the basic Receipt Routing definition only calls for an inspection step and a stocking step – no provision for receipts pending MRB review.
3. Using the basic setup, any receipt quantity that is moved to stock is recorded as being "accepted" in terms of Supplier Analysis. In the real world, however, we sometimes need to move rejected receipts to stock, and yet still record the receipt "non-accepted". For example, returning a rejected receipt to the supplier might shut a production line down – in

this case it is not uncommon to disposition the receipt "Use As Is" and accompany the parts with a Production Deviation of standard procedures signed by members or delegates of the MRB.

Solution

A time-tested, best practice solution to simultaneously address all of the requirements listed above involves adding an extra step to the Receipt Routing definition wherever inspection is called for, between the inspection step and the stocking step. The new Receipt Routing step is used for recording and tracking rejected receipts through the MRB process, up to the point of the disposition. To keep things simple, the new routing Operation Code can be named "MRB".

In the new process, the Movement and Disposition program is still used in the traditional way to process accepted receipts to stock (STK), but for processing non-accepted (rejected) receipts, moves are recorded from inspection to the MRB step, instead of using Dispositions.

Have a look at the sample Receipt Routing from JDE DEMO data, named "MINS" (Manufacturing Inspection), found in the Receipt Routing Definition program, P43091, off menu G43A14 (Figure 1), which has been enhanced by adding the new MRB routing step:

***TIP:** The Receipt Routing definition "MINS" is getting quite a lot of use in these Receipt Routing articles – in the first as a basic purchase order routing, and now as a more advanced purchased order routing. In keeping with the name of the routing, however, let's also remind ourselves that a Receipt Routing like "MINS",*

which includes an MRB step, can be used for production work orders as well as for purchase orders.

**A rejected
quantity
(may be)
positioned
by the MRB
as "use as is".**

New Process

The new process involving the new Receipt Routing definition, which includes the MRB step, is simple:

1. Receipts first enter the inspection step
2. Receipts that pass inspection are moved to stock
3. Receipts that do not pass inspection are moved to the MRB step
4. Receipts in the MRB step are either transacted as usual within the Movement and Disposition program, or moved to stock
5. Supplier Analysis information is captured automatically throughout

There are some subtleties involved in using the process, however, and to make sure that things are clear, let's go through pieces of the new process in more detail.

Recording Rejections

As mentioned previously, the basic setup of Receipt Routing without the MRB step records rejections at the end of the process, through the entry of Disposition transactions. In real-world processes, however, rejects are not at the end of the process; they are in the middle. Therefore, transactions for recording rejections should not signal the end of the process – they should simply signal that meetings and dispositions from the MRB group need to occur, as early in the process as possible.

Adding the MRB step to the Receipt Routing definition fixes this problem, as it shifts the recording of rejections to a point earlier in the process, and dispositions to the end of the process – after MRB has settled on the actions that need to be taken, such as return, scrap, or other.

Statusing Rejected Receipts

Rejected quantities, when moved to the new MRB routing step, become open quantities against that operation, and serve to status receipts as having been rejected. Any or all receipts with an open MRB quantity can be viewed using the Movement and Disposition program P43250.

TIP: For the most part, the Movement and Disposition screen displays information contained in the Purchase Order Receipt Routing file, F43092. At the time of receipt, PO-specific routing steps are added to this file, and open quantities are tracked at each operation. MRB is isolated based on open quantities at that operation step.

***TIP:** Quantities within the Item/Location file (F41021) can*

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