

RECEIVING MANAGEMENT

1. Introduction. Receiving is where distribution center operations begin. Receiving concerns the manner in which materials are brought into the distribution center. It is the process where items are identified and checked for quality, quantity, and condition. It is the operation where receipt transactions are posted to the distribution center records and transmitted to the inventory control point, and where items are placed into a storage location that is accurately recorded. Prompt and precise processing of receipts is, therefore, a prime requisite of effective storage operations. If items are not properly processed through the receiving system, there will be an adverse affect on other functions that follow. For example, inventory accuracy, location accuracy, and material release denial rates will be affected.

2. Objectives. After completing this lesson, you will be able to:

- a. Recall how receiving on time performance is measured.
- b. List the uses of the receipt control number.
- c. List the importance and uses of the repositioned materiel receipt document.
- d. Identify the three basic categories of receipt discrepancies and what reporting action is required.
- e. Describe the management information and tools used to monitor and control receiving operations.
- f. Examine the receiving performance indicators and causes of substandard performance.

3. Reference. Defense Logistics Agency Standard Operations Manual, DLAM 4140.2 Vol. III. Subject: Defense Distribution Center Transportation and Supply Procedures.

4. Sources of Receipts.

a. Receipts arriving at the distribution center originate from a variety of sources. The types of delivery document varies, depending on the source. The condition of the materiel may range from new to completely unserviceable. Different modes of delivery, such as rail, truck, or parcel post affect materials handling equipment requirements. Receipt inspection procedures, time, and paperwork are all influenced by the source and condition of the receipt. New procurement receipts may require technical inspection at the destination prior to Government acceptance. Returns from the field and unserviceable items need careful screening to determine their true condition and proper disposition. Small arms must have 100 percent serial number verification. Sometimes receipts arrive with the paperwork missing, necessitating extensive research to identify the item and its source.

b. Some of the various sources of distribution center receipts include new procurement from vendors; ICP directed interdistribution center transfers; and returns from customers, disassembly, loans, or distribution center/contractor overhaul. And then, there are those receipts that are simply misdirected shipments not intended for the distribution center at all.

5. Receipt Processing Time Standards and Goals.

a. Time standards and performance goals serve as the basis for many decisions in managing the movement of materiel and documentation in the receiving operation. Tally-in, inspection, classification, storing in a location, preparation of documents, and updating of computer records all must be accomplished within a specified timeframe.

b. At Defense Logistics Agency (DLA) distribution centers, **receipt processing time begins when the materiel arrives at the distribution center.** Receipt processing is measured in two tiers. Tier one begins when the materiel arrives at the distribution center and ends when the receipt is reported to record (includes both distribution center and ICP record). The second tier is measured from date/time of record to date/time of receipt put-away. DLA's on time goals are:

(1) Procurement and Redistribution – 24 hours (average).

(2) Field Returns – 48 hours (average).

c. In addition to the time constraints described above, receipts from procurement involving discounts for prompt payment must be given priority processing to expedite reporting of the receipt. Since the Inventory Control Point (ICP) backordered receipts are subject to immediate material release orders, they must be expedited from the receiving area to the storage location or issue from the point of receipt.

6. Computer Systems Interface. The receipt processing system is designed for input of receipt documentation and making inquiries to the computer through a keyboard and video display at remote terminals in the warehouse areas. It also provides output by video display and printer for forms and listings used in the receiving operation.

7. Receipt Control.

a. Receipt Control Number. Continuous visibility and control is exercised over a carrier's conveyance the entire time it is on the distribution center. Control begins when the carrier enters the distribution center and a Receipt Control Number (**RCN**) is assigned. The conveyance arrival date and hour are part of the RCN, as is an arrival code (indicating where the conveyance was initially sent), and a

sequential number. The RCN tracks the conveyance throughout its stay on the distribution center. It also serves as a control number for monitoring the progress of receipts as they move through the receiving process and into the storage location.

b. Receipt Control Document. A Receipt Control Document is used to establish a receipt control record and update conveyance control data. This form, which is a source document for input at the remote terminal, contains such data as RCN, carrier's name, hold and offload sites, dates placed, date offloaded and released, pieces, number of lines, and type materiel.

c. Conveyance Control Records. A conveyance, such as a truck and trailer, might be initially sent to a holding area where the trailer would be dropped if the receiving docks were full. Later, it would be moved to an offload site. Or, the conveyance might go directly to an offload site immediately upon arrival. In either case, computer input would be made from the receipt control slip to indicate the status of the conveyance. An update is also made when the conveyance is unloaded and released. This enables continuous visibility over the location and status of conveyances on the distribution center.

8. Prepositioned Materiel Receipt Document.

a. Generally, materiel doesn't just show up at the distribution center without any advance notice. However, the distribution center has no control over when materiel is shipped. Consequently, the day-to-day receiving workload can be predicted only with limited accuracy. But, it should not be inferred that receipt planning is impossible. Receipt planning can begin when information is first received indicating that materiel is due-in. Prepositioned Materiel Receipt Documents (PMRD) (DD Form 1486) from the ICPs provide this advance notice by establishing a due-in on the DSNMDR.

b. The distribution centers receive additions, cancellations, and changes to the PMRD file daily. Semiannually, a complete PMRD reconciliation is furnished by the ICPs, resulting in a new PMRD file representing current due-ins. If an item due-in is not currently stocked at the distribution center, the PMRD establishes a partial item record on the DSNMDR. Complete catalog data can then be obtained from the Catalog Data Activity prior to receipt of the materiel.

c. One of the data elements in the PMRD is the management code which indicates if special handling of the receipt will be required. The PMRD might reflect that destination inspection and acceptance is required; those serial numbers that must be reported to the ICP; that fast pay procedures are applicable; or the item is backordered.

d. PMRD listings are disseminated to receiving and storage managers who can initiate advance planning for materiel handling equipment, laborpower, and storage space requirements. The listings are matched against files of advance copies of procurement documents or contracts used in receipt inspection. If advance copies are not onhand, followup action can be initiated.

e. Within DLA, the above described document is called a Prepositioned Materiel Receipt Card (PMRC). It is used in a similar manner.

9. Receiving Documents.

a. Some type of receiving document should come with each receipt. The receipt paper might be attached to the package or it could be inside. Also, advance copies of documentation sent by the shipment originator are on file near the receiving area. When paperwork cannot be found with the materiel, markings on the container can lead to identifying the receipt from the advance copies. These files also hold

additional documentation needed to carry out technical inspection.

b. Data elements descriptive of the receipt, materiel, and disposition are handwritten on the receiving document during inprocessing and inspection. The annotated document is then used as a source document to key-in receipt data at the remote terminal. At some distribution centers, this process is accomplished automatically using bar coding and scanners.

c. Receiving documents are usually one of the following forms.

(1) DD Form 1348-1, DoD Single Line Item Release/Receipt Document.

(2) DD Form 250, Materiel Inspection and Receiving Report.

(3) DD Form 1155, Order for Supplies or Services/Request for Quotation.

(4) Vendor's Document.

10. Receipt Discrepancies.

a. Discrepancies in a receipt might be discovered during in-checking or inspection. Some of the many reasons that cause a discrepant receipt are overage; shortage; damage; unidentified item; missing or incomplete documentation; packing, packaging, or preservation deficiencies; wrong condition classification; and nonconformance to specifications.

b. When discrepancies are discovered during the receiving process, coordination is required with transportation or quality assurance personnel to prepare discrepancy reports. The type of report and disposition of the materiel depend upon the nature of the discrepancy. One of the following discrepancy reporting forms is applicable.

TYPES OF DISCREPANCY REPORTS

<u>FORM#</u>	<u>TITLE</u>	<u>PURPOSE</u>
SF 361	Transportation Discrepancy Report (TDR)	Report transportation discrepancy (e.g., damage)
SF 364	Supply Discrepancy Report (SDR) (ROD)	Report shipper discrepancy (e.g., shortage)
SF 368	Product Quality Deficiency Report (PQDR)	Report design, operation, or workmanship deficiencies.

11. Receipt Reporting.

a. When materiel is delivered to the distribution center, its size and weight will affect how it is handled through the receiving process. Truckloads or large items needing special handling equipment might be routed directly to the storage site. The receipt papers would be returned to central receiving for processing. Within central receiving, items too bulky to move down the receiving line are given a temporary location on the receiving floor. The receipt papers would be sent separately to the remote terminal. Materiel capable of being processed on the receiving lines is moved along with the annotated documents to the remote terminal. These smaller items flow along a conveyor line in a tote pan. Separate receiving lines are often set up to handle new procurement apart from customer returns.

b. At the time that the receipt data is input at the remote terminal, the receipt processing program generates two documents--a loose issue label and a Material Movement Document. These forms designate the storage location assigned by the computer and go with the materiel to the storage warehouse.

12. Storing Receipts.

a. The Loose Issue Label identifies what materiel is in a particular storage location. It is attached by the warehouseman to the location, whether it is bin or bulk.

b. The Put-Away Document is used to route the receipt to its storage location. This document contains extensive coding, reflecting cataloging, receiving, and storage information about the item. Primary and alternate storage locations are shown on the put-away document. When the receipt is taken to the primary location and that location is full, an alternate location is then used. This could be a designated alternate shown on the document, or even a new location. Whatever the case, the actual location used is entered on the put-away document by the warehouse worker.

c. The completed document, including the handwritten date and time stored, is sent to a remote terminal in the storage activity. The location data is used to update the computer file and complete the receiving/induction process.

13. Management of Receiving Operations.

The flow of materiel and documentation through the receiving process has just been described. It is appropriate now to look into some of the management aspects of receiving operations. Management of distribution center operations includes a requirement for an immediate organizational knowledge of workload in process, as well as trends developing which may affect operations in the near future. Based on this knowledge, planning, coordination, and control can be performed effectively. Management information might be displayed in the form of listings, reports, or charts. Some data may come directly from computer generated documents, while other data may be compiled partially or entirely manually. Several tools available to the receiving manager are described in the following discussions.

14. Management Data.

a. The percentage of receipts processed on time is the prime performance indicator of the

effectiveness of the receiving operation. Failure to meet prescribed goals for processing receipts within established timeframes is a problem indicator that must be closely watched. It is one of the areas by which the distribution center commander is evaluated regarding overall distribution center performance.

b. To properly manage any operation in the distribution center, it is necessary to have visibility on a periodic basis--weekly, monthly, quarterly--of the status of the various activities within that particular operation. As well, there must be visibility of other areas in the distribution center that impact on the operation being studied. If receipts are being processed on time, there may not be any apparent problems at the present. However, even though receipt processing may be within prescribed standards, other statistical data may indicate that the operation is headed for trouble. For example, the number of lines received daily might show an upward trend, necessitating an investigation into the cause.

c. What sort of facts and figures might a receiving manager really find of value? What knowledge is important for the receiving operation to run in an efficient and effective way? The following are examples of areas on which information is useful or necessary on a periodic basis.

- (1) Lines and tons received, processed, and backlogged.
- (2) Lines by source--new procurement, returns, and transfers.
- (3) Processing standards and goals.
- (4) Receipts processed on time versus not on time.
- (5) Materials handling equipment status--required versus onhand and operational.
- (6) Personnel status--required versus assigned and onboard.

(7) Bulk versus multipack--lines and volume.

(8) Number of receiving discrepancies.

15. Automated Reports.

a. General. Several reports are readily available from the computer system to help the receiving manager monitor and control the in-process workload. Most of this data is obtainable upon request via direct inquiry at the remote terminals in the receiving and storage areas. They are available in several optional formats providing varying degrees of detail or summary.

b. Conveyance Control Reports. The status of carriers' conveyances is shown on conveyance control reports. Reports can be requested to show conveyances in the holding areas, at receiving docks, or offloaded and released. Total visibility is thus provided for all conveyances carrying receipts on the distribution center. Conveyance status is updated through the receiving area remote terminal as changes occur. Receiving managers, as well as those from other functional areas, are consequently able to track conveyances by name and number throughout the distribution center. The conveyance control reports are a useful tool to help ensure that prompt attention is directed to potential or existing backlogs and especially to avoidance of conveyance detention and demurrage charges from the commercial transportation company.

c. Production Control Reports.

(1) Production Control Reports show information on outstanding workload at offload sites that has not yet been processed through the receiving line to the QBLR. The receipt is at some stage of offloading, in-checking, or inspection. Workload visibility by RCN is available for any or all offload sites. Data shown includes site, RCN, pieces, weight, labor-hours estimated to process, and number of delaying discrepancies.

(2) Production Control Reports are reviewed for exceptional workload in specific receiving areas; for deficiencies which are delaying the processing of materiel on time; and for labor-hours estimated to accomplish the workload. Receiving managers can use this information to initiate steps to adjust labor requirements and resolve receipt discrepancies.

16. Analysis of Problem Areas.

a. The problem indicator most easily recognizable in receiving operations is the number of lines processed late. That is, the distribution center is failing to perform within established timeframes for processing the various types of receipts.

b. What possible reasons could there be for failure to process receipts within the timeframes allotted? To what source would one go for information about the extent of the problem? What are the causes of the problem? What course of action should be taken? The following examines a number of factors affecting receiving performance and suggests corrective measures.

(1) **New Personnel.** It could be that there are new people working in the receiving operation who are being trained on the job and, naturally, they are not as adept in their performance as are the more experienced workers. If this is true, the most logical step to take is to initiate a training program. This program could cover the purpose of the operation and the paperwork documentation related to the job. Classroom instruction coupled with on-the-job training alongside experienced personnel can be highly effective.

(2) **Storage.** The problem may be one that is not the fault of receiving workers--it could be the warehousemen in the storage area failing to place the items in location within the timeframes. It could be that this area is overloaded or that the personnel are not familiar with using materials handling equipment (MHE), or are not familiar with stock location

patterns, storage methods, etc. If this is the case, it will require training in MHE operation, storage layout, local patterns, and storage methods. The workers must know how the location system works; i.e., how it is designed and how and where data is entered on the documents. Once they know this, they will have little or no trouble placing items into storage in its proper location and ensuring that the items are entered in the stock locator file.

(3) **Internal Transportation.** The problem may be a matter of **insufficient internal transportation** to move items from the receiving area to the storage area. If this is the case, it means asking for more transportation. It may be necessary to shift transportation from another area until the problem is alleviated.

(4) **Receiving Workload.** The fact that the **workload is exceptionally heavy** may be the reason for the problem. In this case, it may be necessary to shift personnel from other areas to assist the receiving activity or use overtime until the workload returns to normal.

(5) **Annual/Sick Leave.** Workload is normal; however, it is the time of the year that lends itself to **extended annual/sick leave**. Should this be the problem, managers would have to take the same approach as taken in (4) above.

(6) **MHE.** Annual/sick leave is not above normal. In this case, it could be **lack of MHE** to move and store the supplies so that they can be reported to the inventory control point and placed in location. It could be that a maintenance problem exists as a result of repair parts shortage, insufficient mechanics, or worn out MHE that has to be replaced.

(7) **Commodity Factors.** Maximum MHE is available and absenteeism is normal. The problem could be that the number of small items received has decreased significantly while the quantity of bulk receipts has increased considerably. Should this be the problem, try to borrow MHE or request permission to

"exercise" issue stock onhand in the distribution center. If not possible to get more MHE from either source, do the best you can with what you have and make use of overtime to accomplish the workload.

(8) Performance Standards.

Everything is normal within the distribution center, including personnel, MHE, and workload. In this case, it will require a comparison of operating personnel performance against the established work standards. If the operating personnel performance is below standard, determine the cause and take corrective action. This may involve formal training, on-the-job training, or more drastic action if there is a worker/supervisor problem. The training office and the civilian personnel office can be of assistance here.

(9) Documentation. Lost or improperly prepared receiving documents are sometimes a problem. If you trace the flow of the documents and determine that this applies to your distribution center, it will require a close check of document preparation and document control procedures. If it is document preparation, training is recommended. If it is document control, it will be necessary to apply tighter control procedures. You may also find that someone is losing or deliberately "dumping" the documents.

(10) Receipt Discrepancies. It could be a problem of receipts arriving without proper markings and documentation, or no documentation at all. You must, under these circumstances, contact Quality Assurance for additional assistance. They will have to identify incoming items, and prepare the required documentation in conjunction with receiving personnel. Regardless of source (a unit, manufacturer, or another distribution center), discrepancy reports should be prepared and forwarded to the offender.

(11) Inspections. Documentation is with the materiel returns but the items are not in the condition stated. This really presents a problem

of inspection and reclassification of the items which, at times, denies the customer the "credit" they anticipated. In this instance, the proper discrepancy reports should be prepared and forwarded to the unit.

(12) ADP Systems. Computer

downtime can be a problem. Nothing can be processed into the computer or forwarded to the ICP when this happens. No locations can be added, changed, or deleted. Very close control of all documentation and materiel worked during this period must be maintained.

(13) Natural Disasters. There is no known remedy for the acts of God. However, after the "act" it will, in many instances, require clearing roads, docks, etc., throughout the distribution center, especially if it is heavy snow, sleet, or the result of heavy rains.

c. The possible causes and recommended corrective action for each are by no means the only possibilities. At a particular distribution center, it may be determined that there are other causes for failure to meet the required standards and, upon their recognition, a determination must be made concerning appropriate action to be taken. However, what has been given here is a starting point from which to attack problems regarding receiving operations.

17. Summary.

a. Receiving is the first step in the flow of materiel through the distribution center. Improper receipt processing results not only in substandard receiving performance, but affects many other operations in the distribution center. Processing time standards enforce prompt movement of documents and materiel through the receiving cycle. Remote computer terminals permit entry and retrieval of receipt data in the warehouse areas. The status of carriers' conveyances on the distribution center must be monitored at all times.

b. Receipts originate from many different sources and vary in their ease or difficulty of processing. Advance receipt planning can begin as soon as there is notice of a due-in.

Documents accompanying the receipt are used in inspecting the materiel and are a key source of input to the master data record.

Discrepancies discovered during receipt inspection must be documented and reported. Storing of receipts is facilitated by the computerized assignment of storage locations.

c. Several automated reports are available daily to assist in managing the workload and identifying problem areas. The percentage of receipts processed ontime is the prime measure of receiving performance. Many internal factors affect performance and cause receipts not to be processed ontime. The receiving manager must have certain selected information about the receiving operation readily available for review.

**OUTLINE FOR NOTETAKING
RECEIVING MANAGEMENT**

I. Sources of Receipts.

II. Time Standards.

III. Conveyance Control/Receipt Control Number.

IV. Prepositioned Materiel Receipt Document.

V. Receiving Documents.

VI. Receipt Discrepancies.

VII. Reporting and Storing.

VIII. Management Data.

IX. Automated Reports.

X. Problem Areas.

STUDY QUESTIONS

1. Why does the timeliness and accuracy of processing receipts affect other distribution center operations?
2. How is receipt processing time measured in DLA distribution centers?
3. Each conveyance arriving with receipts is assigned an RCN. What is the purpose of the RCN?
4. Receipts originate from several types of sources. What are some of the sources? How is the receipt documentation accompanying the materiel used in processing the receipt?
5. ICPs furnish distribution centers advance notice of receipts due in by means of a PMRD. Why is the PMRD so important to the distribution center? What are some examples of how it is used?
6. Careful inspection of receipts is essential to an effective receiving operation. Why? What might cause receipt discrepancies? What action must be taken and by whom when a discrepancy is discovered?
7. A put-away document is produced for each line received. At what point in the receipt processing cycle is it generated? For what purpose is the put-away document used before and after the receipt is placed into the storage location?
8. Several reports are available daily to help receiving managers handle the in-process workload and detect current or potential problems. What is the main purpose and use of a conveyance control listing? Production control listing?
9. The percentage of receipts processed on time is the prime performance indicator for receiving. Identify several reasons that might cause receipts to be processed late.
10. Periodic review of performance and workload statistics can indicate potential problem areas. Give some examples of data that may be useful to the receiving manager.