INTERWOOD MOBEL

Standard Operating Procedures

Sales

Version 1.1
# Revision History

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<tr>
<td>07 May 2014</td>
<td>Sr. Manager Sales (North)</td>
<td>Added Project Feasibility which includes, PMO Technical, PMO Accounts and PMO Contracts.</td>
<td>1.24</td>
<td>Director Sales &amp; Marketing</td>
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<tr>
<td>13 Feb 2015</td>
<td>Head of Account &amp; Costing</td>
<td>SOP for • Contracts • Receivable Reporting, Follow Ups &amp; Writing Off • Credit Sale &amp; Credit Order Booking</td>
<td>1.51-1.65</td>
<td>Director Sales &amp; Marketing</td>
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Objectives of this Report
The purpose and goal of documenting Standard Operating Procedures for Interwood Mobel Sales department is to record all current procedures being followed at the department. Through documentation, this report will aim to define a clear flow of information and actions to and from the Sales department. Flow diagrams will be used to clarify this flow. This document would be useful as a reference guide for the new sales employees at IWM.

Way Forward
This report will be used to simplify the sales procedure where possible.
General Responsibilities of IWM Sales personnel

Although not an exhaustive list, the general responsibilities of IWM’s sales personnel include the following duties:

- Deal with the clients from the initiation of an order till the FFR is received.
- Generate IDs, quotations, orders, receipts, intimation, GDOs and intimate SCM to generate GRN.
- Getting feedback from previous clients, in instances when they re-visit the showrooms.
- Regularly follow stock status in Karachi and Lahore warehouses, and be as informed as possible.
- Cooperate with Accounts department in cases where GDR (goods delivery return) comes in play.
- Keep a track of payments and receivables.
- Site visits and meetings with the architect/contractor of the client.
- General upkeep of showrooms and information tags on individual items.

Flowchart Home Furniture

Client

Check availability of selected items

Apologise for inconvenience/ providing alternate options and
SOP – Lifewares (Home / Kids Furniture)

Products for Home furniture include bed sets, dining tables, chairs, sofa sets, drawing room furniture, Kids furniture, relaxing/bar chairs, Home accessories, candle holder, cushions, artificial flowers, vases and different type of accessories etc.
Retail Sale

1. It is the duty of the Sales executive to guide the visiting customer and show him/her the whole range of Home furniture available in the showroom. The customer then chooses from available products. (It is important that all sales personnel have detailed knowledge of all products, to satisfy the information needs of the customer. This information will be imparted through on-job training).
2. The sales person should note down the products and their details that the customer wishes to buy. Quotation can be given to client in case he wants to make up his mind.
3. Product stock should be verified by the Sales executive before committing a sale. Stock status is checked through Enterprise Resource Planning (ERP). Once the availability of the product is confirmed, it is communicated to client.
4. 100% payment is taken from client at the counter by account personnel & bill is generated on retail software for the items via lifewares tags handed over by sales representative. Team Leader is entitled to give 03% discount in rare cases whereas for more discount up to 05% it requires the approval of SRM.
5. Delivery date should be communicated by the sales person. According to company policy, a standard order item available at the Karachi warehouse should be delivered to the customer within 2-3 working days. However, if an order is to be delivered from the Lahore warehouse then the standard delivery time is one week (seven working days). For urgent deliveries approval is required from SRM; bill is handed over to client.
6. Lifewares bill with proper stamp via account representative is put in dispatch tray for SCM to collect it and arrange deliveries simultaneously as and when desired.
7. Sales personnel are recommended to intimate local SCM representative and Warehouse via email as well, for improved efficiency.
8. Simultaneously, Site department is intimated for installation via the intimation book and lifewares bill copy is also attached to it with proper bill number. Standard installation time is the very next day after delivery.
9. FFR is received from the site department upon completion of an assignment.
**Lay outing of Home Furniture at Site**

1. Sales executive should take a minimum of Rs. 5000 as token money in cases where the client requires designing/lay outing of home furniture at site.

2. In such cases Site department is intimated by the sale person to take measurements of the site.

3. The drawing submitted by site is forwarded to design department to work out a layout and quotation of the products selected by the client.
SOP – Flooring

1. Flooring is also retail item and the procedure for the Sale of this product is more or less similar. There are certain things steps additional in the procedure for the Sale of laminated floors.

2. If the client wants to purchase flooring then the Sales department should first intimate the Site department for measurements of the site. This is necessary since flooring quotation cannot be finalised till we have a floor plan of the site. However, a rough estimate can be provided to the client after including wastage. Token money of Rs. 1000 can be taken from client.

3. Site department will submit the drawings of the measurements to the Sales department.

4. Sales Personnel then prepare the quotation via measurement provided to them as per the sample selected by client.

5. Sales executive then has to communicate full details of the site report and order to the customer. Details include the measurement details of the site, cost, and flooring wastage and installation procedure.

6. Order is booked upon client’s approval, and 100% payment is taken from the client before delivery of order. GDO and Invoice are generated as part of the process.

7. Intimation is sent to the Site department for installation. The installation will take place only when the payment is cleared from the account. Site dept. ensures

8. Follow up with client, local SCM and Site Supervisor should be made by the Sales executive till the installation has been completed.

9. FFR to be received upon completion of the assignment. FFR is sent to Director South after verification from the Sales department.

SOP – Sofas

1. Client chooses the product. It is preferred that sale pushes to sell the sofas available in display. However, if client requests fabric change, Sales executive will provides the client with fabric samples.
2. Client chooses a particular fabric sample. ID for the customer is generated and the quotation is provided to the client.

3. The choice of fabric and sofa is sent to the Design individual responsible for booking Sofa orders.

4. The designer will check out the availability of fabric with the vendor immediately.
   a. In case the selected fabric is not available, Sale personnel will inform the client. The ideal practice should be to request client to select 2-3 fabric option instead of one in order to avoid visiting just for fabric selection.

5. Once the fabric availability is confirmed, Sale person receives 70% advance payment for order booking and forwards the finalised order details to the design for order booking.

6. Sales executive has to make a follow up on the product during production. Production takes a time period of 25-30 days

7. Once the product reaches the warehouse a GDO is issued to deliver the good at site.

8. Site is intimated to install the sofa on site (if required).

9. FFR is received upon completion of order delivery. FFR is signed by the Sales personnel and sent to DS for approval.

**SOP – Lifewares Accessories**

1. Client visits the showroom.

2. Client will select the item which includes candle holder, cushions, artificial flowers, vases and different type of accessories and pays the full amount on cash counter.

3. Bill is generated against the lifewares tags provided by sales representative to accounts personnel.

4. Item is handed over to client from Showroom store in lifewares handbags.

5. One bill copy is given to guard for the clearance of items from S/R display.
Flowcharts Kitchens, Doors, and Wardrobes

Listen and Note client’s requirements → Tell approximate price, and collect Token Money for site visit and designing → Intimate site department for Site measurements → Design receives drawings (provided by sites) from sales, and make layout on AutoCAD or graph. Work is also done manually on the drawings. → Forward to Design Dept for layout and 3D view → Make quotation, and get approval from client on layout, 3D. → Approved

Receive 70% advance payment, and Intimate site to recheck for final approved plan → Provide receipt to customer, stamped by accounts dept.
Not Approved

Feedback from client, whenever appropriate → Intimate to Site for marking and verification → Intimate Site dept. for size verification. Generate Invoice and GDO.

Send order to Lahore → When order reaches Karachi warehouse, receive 30% balance.
SOP – Kitchens, Doors, and Wardrobes

1. As the customer arrives at showroom, it is the duty of the Sales executive to guide the customer and show him/her the whole range of Kitchens, Doors and Wardrobes available in the showroom. Client should be given information about the specifications of all those products he/she shows interested.

2. Customer can only be given a rough estimate about the prices. These estimated prices of the products are based on the installed products in the showroom. Each installed product has a sample quotation/ Price tag attached to it.

3. The customer selects a product design. Sales executive is supposed to give the details and options available for colour finishes, accessories and appliances available in the particular design. Sales executive will ask for token money from the client to further a possible deal. Token money of Rs 5,000/- for one product is charged while for two or more product Rs. 10,000 is charged.

4. In return of the token money deposited, the customer is given a receipt specifying the amount paid, signed and stamped by the Accounts department. This receipt will be developed once customer’s ID on the software is properly generated with complete information of the client.

5. Sales executive sends intimation to site department to take measurements of the site according to the product.

6. Once measurements and drawings are received from site department, the sale personnel will add details (Appliances, layout etc.) to the drawing as per discussed with the client and send to the design department. Details are conveyed through a product information sheet (plus other documents if required) which consists of all the relevant information for a booking order. E.g. a kitchen info sheet would include the design, colour finish, accessories, and appliances along with dimensions of the site available on the drawing. Design department takes 2-4 working days to produce the drawings and quotations.
7. Design department makes detailed drawings and quotation of the products. These are received by the Sales executive. The sales department also receives the 3D views from the design department, however this is rare. The client is called in for meetings to discuss the layout, drawings and quotation. In case the client requests meeting at the site, Sale personnel should go to meet. The validity of a quotation is 2 weeks. The quotation prices are updated automatically after the completion of the 2 week period and the old rates are no more applicable.

8. If the client approves of the documents then he/she must sign the documents. In case the client points out some changes, sales personnel will ask design department to make required amendments. Such revisions normally take place 2-3 times. Each time Sales personnel will intimate the design department for the relevant changes. These changes are made till the client is satisfied with the design, drawings and quotation.

9. As per company terms and conditions, once the client has signed and approved the drawings from design department, he/she has to make 70% of the total payment in advance. A receipt approved by accounts department is generated for the client. Token money received prior to booking of order is adjusted into the client’s account.

10. After receiving payment from client, Site department is intimated by the sale person to take the final sizes of the site as per the drawings finalised. This is the inspection of site before order booking.

11. Design dept. is intimated along with signed quotation, drawings, and Final inspection report etc to book order for production. Design makes the necessary drawings amendments on the basis of final inspection report. In order to book order, Design will generate the utility marking drawings along with the Order and Final drawings.

   a. In case of any major adjustments, Sales will be informed and client approval (on revised drawings + quotation will be solicited again.

12. Order is signed by the Design Executive, Sales Executive, Manager showroom.

13. Design will then send final order via software to Lahore for manufacturing. A copy of the complete order is also provided to Sales and Site. It will take approximately 2-2½ months (Please refer to the production timeline document for complete list) for the
order to manufacture and deliver. Sales executive is to follow up regularly on the production of the products till the order is ready for delivery.

14. Once order is dispatched to Factory for production, sales personnel send intimation to the Site department to verify the pending work at site. For kitchens, intimation is sent for marking of utility points at site. For doors the opening sizes have to be verified and for wardrobes the masonry work should be complete as well. Site supervisor must visits the sites from time to time to verify the site according to finalized measurements. Sales executive have to coordinate with sites department and the client during this process.

15. Once the order is received from Lahore at the Karachi warehouse, Sales personnel must contact the client for the balance payment and delivery of order. Please note: Balance payment is to be received from the client before delivery of the product at the site.

16. The sales executive simultaneously intimates the site department to inspect the site before installation. This inspection is carried out to check if the masonry work and markings have been completed by the client and to verify if the site is fit for installation.

17. An Invoice is generated by the Accounts department after a balance payment receipt is generated by Sales.

18. On the receipt of balance payment a Sales invoice (is generated when order is ready and client is asked to pay balance payment) and GDO are generated. A copy of both the documents is kept by the Sales, Accounts and SCM. A copy of the invoice is also sent to the customer.

19. According to company policy a customer cannot delay the delivery of an order for more than 3 months. This is listed in the terms and conditions of the sales agreement. After 3 months IWM is not responsible for the order stored at the warehouse.

20. If the client hold the delivery of product, then he/she will be charge at 2% of the order value per month.

21. GDO is sent to the local SCM to deliver the goods at client site on the designated date (as coordinated with the client).
a) At times a GDO may be issued before receipt of full payment. This is for exceptional cases. This GDO will only be accepted by SCM if it has been approved and stamped by the Director South. Such sales will be part of credit sales. Invoice is generated for 100% price however the payment is received after delivery of goods.

22. Intimation is to be sent to site to start installation after delivery of goods.

23. Sales executive has to follow up on each assignment till it is complete. He has to coordinate between the client and site department for smooth functioning of the process.

24. Complaints may also be handled by the Sales executive in case the client calls and ask him to visit the site for inspection of any faults/damages.

25. In the case where certain excess goods are returned a GRN is issued by the warehouse when intimated by the sale person through email.

26. Once the Kitchens / Doors / Wardrobes have been installed, the sales person must receive an FFR from the Site department. This document after verification from the Sales department is sent to the Director South.
Flowchart Office Furniture

Client → Quotation

- **Token Money (If necessary)**
  - YES → Collect token and give receipt
  - NO →
    - Intimate Site department for measurements
    - Send to design for drawing
    - Drawing and quotation approval from client
      - Not Approved
      - Approved → Book Order (In-case of Non-Stock order, order send to Factory for production).
        - Stock Order → Generate Invoice from software, and get it stamped from Accounts. Forward to local SCM
        - Non-Stock Order → Generate GDO, and forward it to local SCM. Send a follow up email as well.
          - Intimate site department for installation
          - Feedback from client, whenever appropriate

Full Payment and Receipt, and place order on software
SOP – Office Furniture (Retail Order)

Products for Office furniture include workstations, Executive and budget office sets, filing cabinets, credenzas, meeting tables, reception tables etc.

**Note:** Furniture items readily available in stock are sold through retail order. However, if the quantities of these items are huge (coordinate with local SCM rep.), the order should be processed as non-stock order to avoid stock-outs. The delivery dates for non-stock order are to be committed as per the production timelines.

1. As the customer arrives at showroom, it is the duty of the Sales executive to guide the customer and show him/her the whole range of Office furniture available in the showroom. The customer then chooses from the wide variety of available products.
2. Customer ID is generated and an initial quotation of the selected products. This ID has complete information of the client (Name, address, contact number etc.)
3. Measurements of the site might be required in the case of big/booking orders or on client’s request. Sales executive intimates site department for the measurement of the office area.
4. Drawings submitted by the site to sales are sent to the design department for a detailed layout and quotation along with the details products selected by the client.
5. Final Quotation for clients who require measurement of their site is generated after the measurement and designing process for the site is complete. This final quotation may or may not vary from the initial quotation as it based on the required products and components and measurements of the offices area.
6. Once client approves the quotation 100% payment is to be received from client before delivery. Receipt and Invoice against the order is generated for Retail clients. Customer is handed a receipt, stamped and signed by the Accounts department. Receipt against quotation is made for Non-Stock orders, and Invoice is generated after receipt of full payment.
7. Before Sales executive should check for stock at the Karachi and Lahore warehouse. If goods are not available in Karachi then delivery from Lahore Stock (if available) is requested though local SCM representative.

8. Delivery time for retail orders varies between a 3-7 days. This depends on the availability of the goods in Karachi or Lahore. Client should be notified about the delivery time at the time of payment.

9. Sales Invoice and GDO is generated by Sales personnel and verified by Accounts. A copy is kept each by Sales, Accounts and SCM. A copy of the Invoice is also given to the client.

10. GDO is sent to the SCM for delivery of goods. Delivery will normally take 2-3 days. However, if payment is through cross cheque then delivery may take up to 5 days since the cheque has to be verified.

11. Intimation is sent to the site department for installation of the product upon delivery of goods.

12. Fixing of furniture to be done next day of delivery.

13. The sales personnel are required to follow up on the SCM and Sites department for efficient supply and installation of the order.

14. FFR signed by the customer is received from the Site department. This marks the completion of a sale. After verification this document is sent to Director Sales & Marketing for signature.

15. Payments for corporate customers require the invoice to be generated before the payment.
SOP – Office Furniture (Non-Stock order)

1. In orders in which huge quantities of standard products and purchased by the clients, the order is to be processed as booking order. At times clients might want to change the specification of the products and hence the product becomes non-standard. The orders of such items are also processed as Non-Stock order.

2. Measurements of the site might be required in the case of big/booking orders or on client’s request.

3. Sales executive intimates site department for the measurement of the office area.

4. Drawings submitted by site are sent to the design department along with product information sheet for a detailed layout and quotation.

5. Quotation for clients who require measurement of their site, booking goods and/or non-standard products is generated after the measurement and designing process for the site is complete. The design officer/executive generates a quotation based on the required products and measurements of the offices area.

6. The final proposal is then provided to the client along with quotations and drawings.

7. Upon approval of the quotations, the order is booked by the design department. Copy of the order is received by the Sales department with the complete drawings. Manager showroom approves of the order and it is dispatched for Lahore.

8. Usually 70-100% payment is taken from the client before booking of the order.

9. Production takes around 2-2 ½ months. Follow up is to be made by the Sales executive during the production process.

10. After production is complete the order is received at the Karachi warehouse.

11. Sales intimate the site department to check if the site is fit for installation.

12. Sales Invoice and GDO is generated by Sales personnel and verified by Accounts. A copy is kept each by Sales, Accounts and SCM. A copy of the Invoice is also given to the client.

13. GDO is sent to the SCM for delivery of goods. Delivery will normally take 2-3 days. However, if payment is through cross cheque then delivery may take up to 5 days since the cheque has to be verified.
14. Intimation is sent to the site department for installation of the product upon delivery of goods.

15. The sales personnel are required to follow up on the SCM and Sites department for efficient supply and installation of the order.

16. FFR signed by the customer is received from the Site department. This marks the completion of a sale. After verification this document is sent to Director Sales & Marketing for signature.
**SOP – Interior Design Department (SALES)**

1. Clients from Sales and Director are referred to the Interior designer executive or Manager technical.

2. Clients meets with the Manager technical or ID executive to discuss the details of the work required.

3. Site department is intimated to take a measurement of the area.

4. Drawings of the site measurement are prepared & provided by the Site department.

5. ID department works on the layout and planning of the area along with the consultancy fee charges.

6. There are two types of quotations generated for the client:
   - Standard (for standard products produced by IWM)
   - Non-standard (this quotation includes all the ID related work).

7. The quotation/consultancy charges along with the plan, layout and drawings is presented to the client.

8. If the client approves consultancy then an order is booked by the ID department.

9. Advance payment is taken from the client.

10. Booking orders for standard and non-standard to be prepared at the factory are sent to the factory.

11. For all local work purchase are prepared and sub-contractors are instructed to start work.

12. Retail purchases are made for items like rugs, curtains, accessories etc.

13. Work on site is started once the local items have been purchased and finished.
14. In case of non-standard ID make the drawings, furniture presentation and 3D along with the quotation.

15. If client approve then an non-stock order booked for production.

16. Follow up is made on the production of goods in the assembly line of the factory.

17. Once the order from the factory is ready it is sent to the Karachi warehouse

18. Client is informed and the remaining payment is taken from the client

19. Invoice & GDO is generated which duly approved by the accounts department. A copy is kept by ID and accounts. A copy is also provided to the client.

20. Site is intimated to install the goods as per requirements at the site after delivery.

21. FFR is received upon completion of the work.

**SOP – Interior Design Department (IWM work)**

1. Work for IWM consists of designing of showrooms and upkeep of the interior work at the showroom.

2. There is work in the showroom when a new section is introduced and at the time of new arrivals at the showroom.

3. The work will be divided into three parts: 1) Factory production 2) Local contractors 3) Retail purchases

4. The new arrivals can be of two types 1) Imported  2) Standard.

5. Work orders are prepared for the carpentry and other work done by local contractors

6. When goods are ready from factory and available at the warehouse: A GDO will be issued to deliver the goods at the showroom

7. For goods available in retail stock a Stock Transfer note is issued to transfer goods from Warehouse to the showroom for display.

8. Stock Transfer Note is approved by the Sales manager

9. Receiving of all items at the Showroom will be signed by the Sales team leader.
10. Once goods are available at the showroom, Site department is intimated to install the furniture in the requisite areas.

11. Retail purchases are bought from the market and receipts are kept for refunds/advance.

12. Setting of retail products is supervised by the ID executive.

**SOP – Interior Design Department (Exhibitions)**

1. Work at exhibitions will be similar to that of work for IWM.

2. ID work on the layouts, planning of the area and make 3D.

3. The work will again be divided into three parts: 1) Factory production 2) Local contractors 3) Retail purchases

4. The process for booking, purchasing and receiving the goods will be same as above
Projects – Non-stock order


Key Account person gather requirement from customer/Consultant.

KAM will check Project feasibility (technical and Financial).

Intimate Design for making quotation and give all relevant documents.

Forward to Design Dept for layout and 3D view

Costing: for non-standard product cost dept will do costing and send back for management approval for GP and send back to design dept:

Make quotation, and get approval from client on layout, 3D.

Not Approved

Approved

Receive 50% advance payment (As per the payment term and condition agreed on agreement), and Intimate site to recheck for final approved plan

Accounts: Provide payment receipt to customer. When order reaches Karachi warehouse, Accounts will generate invoice for balance payment (As per agreed term & Conditions).

Send order to Lahore

STIE: Intimate Site dept for pre delivery inspection for WH.

After SITE confirmation warehouse delivery the order items to customer premises.

Intimation to Site for marking and verification

Feedback from client, whenever appropriate

Intimate the site for installation. Follow up till FFR is received. Forward all complaints to the complaints cell and follow up.
**Project Feasibility:**

The S.O.P to be added in our current set of S.O.P’s for project management is of project feasibility.

In our scope of work there are two types of feasibilities:

1. Financial Feasibility
2. Technical Feasibility

**PMO: Technical**

Technical feasibility although gauged by sales. Should again be worked out here, this is where the decision of technical viability of the project should be determined.

**PMO: Accounts**

Whilst calculating the financial feasibility, at the time of costing, in addition to allocating GP, payback period should also be calculated. This is where contract and terms of payment come into play. Accounts while making financial feasibility should advice sales on what the terms of contract should be, what should be the payback period in order to ensure profit. The longevity of the project and installation time should be taken into consideration. Project duration should be calculated taking into consideration all these factors plus complaints and unforeseen factors.

Based on that a summary should be sent to the sales department along with costing that what should be the guidelines for the particular project as far as payment terms and project completion time is concerned.

**PMO: Contracts**

There is a separate legal and contracts department in every organization. Any contract done by any department be it sales, purchase or accounts has to be vetted by the legal department. So after technical and financial feasibility the matter is referred to contracts and then back to sales.
SOP – PROJECTS:

1. When client or client’s architect require non-standard products (other than Interwood’s retail products) and want products as per required specifications of client or client’s architect then this sale goes to project department.

2. Sales person conduct meeting with client for getting complete requirement of what client want and what we can offer him for that project (Specifications, quantity and delivery time).

3. Client’s usually share the layout of furniture and BOQ (Bill Ordered Quantity).

4. As per requirement sales person submit Pre-qualification documents in case of tender and later on submit tender.

5. On award of tender and order, measurements of the site might be required in the case of big/booking orders or on client’s request.

6. Sales executive intimates site department for the measurement of the office area.

7. Drawings submitted by site are sent to the design department along with product information sheet for a detailed layout and quotation.

8. Quotation for clients who require measurement of their site, booking goods and/or non-standard products is generated after the measurement and designing process for the site is complete. The design officer/executive generates a quotation based on the required products and measurements of the offices area.

9. The final proposal is then provided to the client along with quotations and drawings.

10. Upon approval of the quotations, the order is booked by the design department. Copy of the order is received by the Sales department with the complete drawings. Director South approves of the order and it is dispatched for Lahore.

11. Usually 70 - 100% payment is taken from the client before booking of the order.

12. Production takes around 2-2 ½ months. Follow up is to be made by the Sales executive during the production process.
13. After production is complete the order is dispatched by factory on required ship to address, mentioned at GDO issued by sales person.

14. Sales intimate the site department to check if the site is fit for installation.

15. Sales provide GDO after verified by Accounts to SCM for delivery. A copy is kept each by Sales, Accounts and SCM. A copy of the commercial Invoice is also given to the client.

16. GDO is sent to the SCM for delivery of goods. Delivery will normally take 2-3 days. However, if payment is through cross cheque then delivery may take up to 5 days since the cheque has to be verified.

17. Intimation is sent to the site department for installation of the product upon delivery of goods.

18. The sales personnel are required to follow up on the SCM and Sites department for efficient supply and installation of the order.

19. FFR signed by the customer is received from the Site department. This marks the completion of a sale. After verification this document is sent to Director South for signature.

20. FFR received after completion of project and is forwarded to Director South for signature.
Export Order workflow

**For Stock**
- IWM-I Raised Demand
  - Forwarded to SCM for delivery time and stock availability
  - SCM confirmed stock and delivery time in coordination with Production.
  - Export Dept generate PI and send to IWM-I for approval
  - IWM-I will forward signed PI and drawings to IWM-P Expert
  - IWM-P Expert will book the order as per standard procedure & delivery
  - IWM-P Expert will forward the approved PI to Commercial and order to SCM
  - SCM will forward order to Export Processing Dept at Factory
  - Export Processing Dept will develop and forward authentic export packing list
  - IWM-I will confirm receipt of the good as per Invoice packing list
  - Commercial will inform to all in IWM-I update after crossing the border
  - Warehouse will load the consignment
  - After IWM-I Approval, export processing will arrange transport to deliver the goods at border

**For Non-Standard & Projects**
- IWM-I will send inquiry with provided the checklist documents
  - IWM-P Export will make PI & drawings after review and send to IWM-I for approval
  - IWM-P Export will generate PI and forward it along with drawings to SCM for delivery time confirmation
  - SCM will forward drawings and PI to operations dept at Factory
  - SCM will confirm delivery time to IWM-P Export with the help of Operations dept
  - IWM-P Export will put the PI, drawings, costing to the DS for approval
  - After DS approval IWM-P Export will send the PI, drawings to IWM-I
  - Quality Audit will conduct pre-shipment inspection in forward report to Export Dept. Further Export processing should inspect items before packing.
  - After review Quality report and packing list, Export will give go ahead to Commercial for proceeding with Export Documentation
  - Commercial will develop Export Documents and send to IWM-I for Approval
Procedure for Export to India

Type of Products

1. Stock Items
2. Non-stock / Nonstandard products / Project.

Export Order Booking

The following principles should be followed for export.

1. Stock and non-stock orders should be booked separately
2. Orders of interwood made and trading items should be booked separately.

Export of Stock Items:

1. Interwood India act as a sole stockiest of Interwood stock items.
2. Interwood India will initiate requirement to export department of IWMP
3. Export department will forward the requirement to SCM manager.
4. SCM Manager will check the demand and will take the following actions:
   a. If the demanded product(s) are available in stock SCM manager will issue his confirmation to export department for further process.
   b. If the demanded stock product(s) are not available or if SCM cannot entertain the requirement from the available stock in this case SCM Manage will coordinate with Factory PPC department and will get confirmation of exact completion dates.
   c. SCM Manager will be responsible to ensure that no significant impact on inventory of stock item will take place.
5. Export department will prepare Performa Invoice (PI) as per our standard procedure through ERP system and send it to customer or international office representative.
6. IWMI will send approval of the PI to the export department.
7. In case of any change in original inquiry vs actual PI the export manager will be responsible to ensure confirmation from the SCM Manager as described above.

8. Export Manager in principle will be responsible to get the PI validated before placement of the order to factory for export.

**Non-stock / Nonstandard products / Projects**

1. International Office Representative will send inquiry to the export department. The following information will be provided along with the inquiry:
   a. Drawings.
   b. Bill of Quantity (BOQ).
   c. Measurements.
   d. Exact details of the materials to be used
   e. Expected delivery time.
   f. Estimation requirements.

IWMP will presume that the IWMI team is capable of managing sales process.

2. Export department will review the inquiry.

3. If required export department will forward the inquiry to the factory for estimation, for materials and production dates. Costing department will do costing as per procedure and also coordinate with MRP & PPC to get the materials and production dates.

4. Costing will send estimate after approval of the competent authority to the export manager.

5. MRP will estimate the tentative materials procurement dates and forward it to PPC department for calculation of production lead time requirement.

6. PPC department after finalization of production lead time will get approval of the GMO and costing send it to the Export Manager. Note: Export Manager will not commit any estimated delivery time with IWMI team.
7. Export Manager will prepare PI based on the information provided by the Costing, MRP and PPC department and send PI to IWMI for approval. If required Export Manager will seek comments of the Director Sales (DS) before sending PI.

8. IWMI team will review PI and send approved PI to the export department.

9. Export department will book the order as per standard procedure in line with the PI and send it to factory as per current order booking procedure.

**Post order booking factory Operations.**

10. All export orders will be received in SCM department factory and processed as per standard procedure.

11. SCM department will ensure that all the order booking protocols are properly followed. In case of any deficiency the SCM department will have the authority to send back the order for correction.

12. In case of stock orders the SCM department will be responsible to take the following actions:
   a. Ensure reservation of stock in warehouse / production.
   b. In case IPN requirement the SCM department will issue IPN in timely manner.
   c. SCM department will be responsible to send copy of signed order to the commercial, warehouse, QC and packing department.
   d. In case of trading item SCM department will be responsible to ensure timely issuance of IPN and purchase requisition to commercial department for procurement / import through MRP department as per standard procedure.
   e. In case of non-stock / non-standard products SCM department will prepare issue Job number against each order and prepare BOQ and forward complete order file to the design department for preparation of production shop floor documentation.
   f. Design department will issue job order for production and copy of the Bill of materials (BOM) to the MRP Department. Copy of the BOM will also forward to Commercial Officer (Export) for follow-up and monitoring.
 gag. Design Department will prepare a Draft Packing List before issuance of a job for production. Draft packing list will be forwarded to Export processing coordinator for further action.

h. MRP department will issue purchase requisitions (if required) to the concerned department for procurement / import. MRP department will be responsible to coordinate with Production department for estimated material requirement dates.

i. MRP department will coordinate with purchase and commercial department and send a MRP plan to the PPC department for production planning against the Job. MRP Department will be responsible to ensure arrangement of the materials as per MRP plan and in case of any problem MRP department will be responsible to timely communicate it to the PPC department for readjustment of Production plan. All changes in MRP / Production planning will need approval of the GMO.

j. PPC department will prepare Production Plan against the Job and issue it all concerned included commercial officer (export) for information/monitoring.

k. Production Department will manufacture goods as per production plan and PPC department will be responsible to communicate all concerned with the exact production status on weekly basis and / or when required.

l. Production department will produce the goods and after inspection will place the produced product(s) in inspection as for Quality Audit. QC incharge will be responsible to intimate QC Audit department for inspection of the goods before packing.

13. Preparation of Packing List:

a. Individual Order’s Packing List.

   i. In case of stock item Export processing coordinator will prepare packing list. EXPORT PROCESSING COORDINATOR will be responsible to arrange ordered stock separately in warehouse and validate the weights given on the draft packing list (System generated data).
Weight of stock items will vary from batch to batch therefore, the re-verification of weight is required.

ii. In case of non-stock/non-standard items Design department will prepare draft packing list that will be forwarded to Export processing coordinator, packing Department and warehouse.

iii. Packing incharge will be responsible to measure the product /product part / packing before and after packing and enter the readings in packing list.

iv. Packing incharge will be responsible to weigh each part/product/ packet before and after packing and enter the readings in packing list.

v. Packing incharge will give the original packing list to EXPORT PROCESSING COORDINATOR for preparation of final packing list.

vi. Based on the individual order packing list EXPORT PROCESSING COORDINATOR will calculate the estimated load for stuffing order wise.


a. Mr. EXPORT PROCESSING COORDINATOR will have liaison with Export Manager to decide which of the order(s) to be shipped which will be called a ‘Consignment’. The decision will be documented and approved by the Export Manager.

b. On the basis of approved consignment Mr. EXPORT PROCESSING COORDINATOR will club the individual packing list and finalize Export Packing List. The Final export packing list will be signed by the following:

   1. Export processing coordinator.
   2. Warehouse Manager
   3. Packing Incharge.
   4. QC Incharge.

c. GMO will give final approval of the packing list.
d. After approval of GMO the export packing list will be forwarded to commercial department and copy of the same will be forwarded to Export Manager.

e. Commercial department will prepare commercial invoice in line with the packing list. The commercial invoice and the packing list will be made in same chorological order with same serial number(s).

f. Commercial Invoice will be checked and approved by the (G. M. Commercial).

g. After the approval the commercial invoice and packing list will be forwarded to IWMI for verification and approval. In case any deficiency found the IWMI will give feedback specifically to the commercial department for rectification. The commercial department will get it rectified through the concern persons/department and get it re-verified by the IWMI team. Once a Packing List / Commercial Invoice is verified and approved by the IWMI team it will be considered as final go ahead.

h. The commercial department will than forward the approved packing list and commercial invoice to the Mr. EXPORT PROCESSING COORDINATOR and Warehouse Manager for readiness of the shipment.

i. EXPORT PROCESSING COORDINATOR and Warehouse Manager will than calculate the final load and vehicle load plan and get the shipment audited through Quality Audit department as per the procedure given below.

j. After successful completion of the Quality Audit MR. EXPORT PROCESSING COORDINATOR and warehouse manager will send Export Intimation to the commercial department for further process. Procedure for export to India.

Procedure for Export to India.

15. The responsibility of Commercial Department will be as under:-

a. The commercial department will forward packing list and draft commercial invoice to IWMI for approval.
b. The preparation of export documents will take place as soon as approval from customer / international office representative is available.

c. The cargo will be delivered to the nominated forwarders along with shipping documents to process clearance formalities at border.

d. The cargo will not be delivered until and unless required documents are complete in all respect.

e. The commercial department will take two days to prepare the following documents:

   i. The packing list and commercial invoice will be ready soon after draft is approved by export client.

   ii. Form “E” from bank will be arranged after the finalization of Invoice.

   iii. Certificate of Country of Origin from LCCI.

   iv. SAFTA Certificate from TDCP. It facilitate the importer in India to avail reduction benefit in custom duty.

   v. Fumigation certificate. The nominated company has to fumigate packages before delivery.

   vi. ISPM 15 Certification from Plant Protection Department Government of Pakistan. Their stamp will be punched on each and every package.

f. Comprehensive insurance policy


a. Each consignment will be audited by the Quality audit team before shipment. The Quality Audits can be performed at following stages:

   i. Before packing of a ordered items.

   ii. After packing of a ordered items\At the time of shipment.

b. The quality audit team will note down their finding in respective checklist as per their defined protocol.

c. During quality audit of the shipment the representative of the commercial department will also present to ensure all commercial protocols are properly followed.
d. The commercial officer will be responsible to verify that the export labels are correct and pasted on each and every package.

e. In case of any conflict raised during quality audit of the consignment, the committee consisting of following will take final decision:
   i. GMO
   ii. QC Incharge
   iii. Departmental head(s) of the production department.

f. The committee will be responsible to for quality.

17. Loading Dispatch of the Shipment:

a. The commercial department will arrange the vehicle through nominated forwarding company / clearing agent.

b. The vehicle before entering in the loading areas will be checked to ensure perfect in all manners for stuffing of cargo. In case vehicle does not suite to the requirement it will be returned for replacement.

c. Warehouse department will load the goods as per their best practices. During the load the following shall be present:
   i. Commercial officer.
   ii. QC representative.
   iii. Warehouse representative.
   iv. Head of Quality Audit.

d. During load the warehouse representative will fill the following documents:
   i. Vehicle Loading Checklist.
   ii. Ticking list.
   iii. Packing List.

e. The warehouse incharge will ensure proper stuffing of the goods and will take pictures of the vehicle before, during and after stuffing for record purpose.
f. Warehouse Manager after loading of the vehicle will prepare a GDN through ERP system. Before preparation of the GDN warehouse manager will ensure that the GDO is available.

g. Warehouse Manager will be responsible to ensure that all delivery related documents are properly maintained shipment wise sequence.

h. Warehouse Manager will have the authority to regret delivery at any stage if he will found any serious deficiency.

i. After the vehicle(s) are ready for dispatch, QC, Quality and commercial representatives will put their signature of the Export Checklist.

j. Export processing coordinator will be responsible to send complete shipment file to the accounts department for accounting purpose.

**APPROVAL FOR ORDER PROCESSING WITHOUT ADVANCE**

Order processing through Accounts department

1. If the payment from client is not received as per above mentioned criteria, approval is required for placing the order.

2. To get the approval, the concerned sales / design personnel will forward his / her request of order processing to Accounts department with following required information:
   a. Client signed quotation.
   k. Letter of intent/ Purchase order/ Contract (in case of corporate clients)
   l. Clear payment terms
   m. Delivery time period

3. Under mentioned procedure will be followed by Accounts dept
4. All the relevant fields in the Order Processing Without Advance Form will be filled as per information received and forward it to competent authority for approval.

5. Accounts dept. will be authorized to place the order only after the approval.

6. Information will be sent to concern person about order placement and approval.

7. Accounts dept will ensure that the approval for order processing is forwarded to competent authority on the same day provided required information is complete.

8. This approval will be followed normally for Corporate clients. In case of retail clients, if orders are to be processed without 100% payment then approval for order processing & credit sales (for dispatch) can be taken on the same form.

9. Order processing without advance form is attached in Annexure I.

**APPROVAL FOR CREDIT SALES**

1. IWM doesn’t have any policy of Credit sales, in corporate clients sales can be made on credit basis but for the approval, mentioned procedure will be followed:

2. This form is filled and processed to get the approval for delivery of goods to client without getting 100% payment.

3. Whenever any Letter of intent/ Purchase order/ Contract is received from client to salesperson for credit sales, it will be shared with Accounts dept with all the required information, as mentioned earlier in Order Processing Without Advance Form section.

4. Accounts dept will fill the Credit Sales Form, check the current receivable and previous payment history of the client and recommend or not recommend it for credit sales.

5. The form will be sent to competent authority for approval.

6. After the approval, one copy of form will be sent to salesperson and other will be kept in record by Accounts dept for future reference.
7. In future, all the sales related to that approved Letter of intent/ Purchase order/ Contract of client, will be entertained in light of approval.
8. Order approval form for credit sales is attached as annexure I.

**DISPATCH /DELIVERY OF GOODS ON CREDIT SALES**

Procedure to be followed at the time of delivery of goods to client.

Credit Sales:

For the Credit Sales, following system will be followed:

1. At the time of the delivery, the salesperson will generate the GDO and sent it to SCM for verification along with the copy of approved credit sales form.
2. SCM will make it verified through Accounts dept.
3. In Accounts (only authorized person) / Representative will verify the GDO as per delivery terms & conditions mentioned in approved Credit Sales Form.
4. GDO will not be sent to DS for credit sales approval at the time of delivery.
5. Verified GDO (if found ok as per approved P.O terms) will be sent to warehouse for delivery.
6. Warehouse person will arrange the delivery of items within standard delivery time of 03 days.

7. After the delivery, receiving GDN (Goods Delivery Note) will be sent by delivery team to concerned sales point Accounts dept for billing to client.

9. No delivery will be allowed without Accounts verification.

URGENT BOOKING ORDERS
Below mentioned procedure needs to be followed if any order is to be booked less than standard delivery time.

1. First sales person will finalize the quotation that included payment terms and all necessary requirements of quotations.
2. An Urgent Booking Order Form is filled by the sales person and must be handover to SCM.
3. Once SCM got the filled-form, it will be sent to GMO through email.
4. PMD, after confirming from MRP regarding material availability, will confirm to SCM within 24 hours about urgent order booking.
5. Finally, SCM will inform for order booking to sales and design on the basis of PMD remarks. Copy of the form will be attached with order processing.
6. The sample for Urgent Order Approval Form is attached in annexure II.

RETURN OF GOODS
In general, IWM has no policy of taking the items returned, once delivered to the client and refund the payment against the return items. However, in certain cases items can be taken back but only with the prior approval of the competent authority.

1. Whenever any item needs to be returned from client, sales person will send the intimation to SCM with the prior approval of competent authority.

2. SCM will take the item return and check it at site whether items are in Ok / saleable condition or not.

3. If the goods returned from site required any repair work, it will be sent to CSD for repair. When the return items are in Ok condition, it will be sent to warehouse and Goods Return Note (GRN) will be issued by warehouse.

4. Goods will be repaired by CSD, verified and signed by CSD Incharge and handed over to warehouse.

5. Warehouse will check the repaired items and after verification will enter it in stock.

6. Whenever any damage item is received from Lhr Factory or client, it will remain in the custody of CSD until it’s repaired.

7. The competent authority to approve all the documents (forms) mentioned in SOP is Director Sales (DS) Mr. Ali Farooq

Sales Commission

For sales commission calculation, GST & any other tax such as FED shall be excluded by dividing sales value with \((1 + (\text{tax rate} \% / 100))\). Furthermore, cash received against sales minus p/f & freight charges
shall be taken into account for calculation of the sales commission. The term Sales force used in this document means all the sales people including SA to DS but excluding Key Account Manager (KAM). In all the below mentioned formulae, FTA / performance evaluation will be based on invoices against which 100% cash has been received. Commission will also be paid on the same basis.

Notes:

1-In case of credit sales, if the receivable amount is not recovered within three months of its due date, the amount will be considered as bad debt for commission calculation purpose and no commission will be paid on corresponding invoice. Furthermore, in order to impose double penalty, the amount shall be deducted from the other sales invoices of concerned sales person for the month in which the amount is declared as bad debt. Thus the concerned sales person will not only lose commission on bad debt amount but also his / her commission on other sales will also be reduced by corresponding amount. However, the amount will not be written off from the company accounts and every effort shall be made to recover the amount.

2- Mr. Mustafa Taj will get commission as per calculation defined in KAM section of this document. However, in cases where he will give design support to some other sales person but not handle all the sales coordination himself, he will share commission with the sales person as per mechanism defined in KAM section.

3-Incentive payment to Mr. Majid Imran has been defined in Design and Site Incentive document.

4-Total Relative commission and incentive of showroom = Sum of all relative commissions of sales and all relative incentives of Design and Sites

5-Relative %age of showroom= (Total relative commission and incentive of showroom)/ (Total sales for commission payable)*100

6-If Relative %age of showroom <=1
   
   Capping Factor=1

7- If relative %age of showroom >1
   
   Capping Factor= 1 / (Relative %age of showroom)

8- Actual commission or incentive payable to a person = Relative commission or incentive of the person * Capping factor

Sales Executives:
Part 1: Based on collective performance of sales force:
((Collective Paid invoices of the sales force exclusive of sales of SA to DS - p/f & freight charges)/ (1 + (tax rate % / 100)))*0.5*(Total Paid invoices of sales force exclusive of sales of SA to DS/Total sales target of sales force exclusive of that of SA to DS)*(FTA/TFTA)*(performance factor/10)*0.005

**1.2.1 Fraction of Target Achieved (FTA):**
Individual Paid invoices of sales person / Individual Sales Target of sales person.

**1.2.2 Total Fraction of Target Achieved (TFTA):**
Sum of Individual FTAs of sales force excluding that of SA to DS.

Part2: Based on individual performance:

If (FTA) <=2

then

Part 2= ((Individual Paid invoices of the executive - p/f & freight charges) / (1 + (tax rate % / 100)))*0.5*(Performance factor/10)*0.005

If (FTA) >2

then

Part 2= ((Individual Paid invoices of the executive - p/f & freight charges) / (1 + (tax rate % / 100)))*0.5*(Performance factor/10)*0.01

Total relative commission of a sales executive= part1 + part 2

**Explanation:**

1- 50% of the commission is based on the individual cash sales and remaining 50% on collective sales of the sales force.

2-DS shall set total target for show room whereas SA to DS shall distribute that target among sales force and thus set individual targets except for KAM.

3-Performance factor is a score from 0 to 10 with 10 for best performance and 0 for worst. Performance factor score shall be decided by Showroom Manager every month on the basis of various factors like follow up, coordination with design department and customer, coordination with factory for timely delivery, coordination with complaints department to address installation issues & after sales service and level of accounts receivable.

As sales potential for various categories like kitchens and home furniture is significantly different, part 1 of the commission is based on collective sales to compensate those working in low potential categories. However, the part1 is still performance based because it is based on fraction of individual sales targets achieved. Part 2 is based on individual performance and it is an incentive for the sales people to work hard on individual sales volumes. Furthermore, part2 shall motivate those working in Home furniture to
learn about kitchens and office furniture to make more money. Sales people will be rotated periodically among various product lines to give them equal opportunity to learn about different products and make large value sales.

**Sales Commission For Manager Sales**

Earlier we don’t have any specific formula for commission of Manager Sales, as this post is not appointed at any showroom.

Mr. Tahir Mehmood (ex-Key Accounts Manager, Islamabad) was entitled to get the commission as Manager Sales – 50% of commission for Manager Showroom.

**Proposal**

The Sales Commission for Manager Sales should be based on the percentage of sales target achievement of his/her team.

If (Total paid invoices ratio to sales target) <= 0.75

Then

Relative commission of Manager Sales = ((value of Paid invoices of entire sales team except KAMs & DS sales - p/f & freight charges) / (1 + (tax rate % / 100))*Percentage sales achieved *(Performance factor/10)*0.0018

If (Total paid invoices ratio to sales target) > 0.75

Then

Relative commission of Manager Sales = ((value of paid invoices of entire sales team except KAMs & DS sales - p/f & freight charges) / (1 + (tax rate % / 100))* (Performance factor/10)*0.0027

<table>
<thead>
<tr>
<th>Targeted Sales</th>
<th>Sales achieved</th>
<th>Percentage</th>
<th>Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>34,800,000</td>
<td>20,000,000</td>
<td>Normal Percentage = 0.18%</td>
<td>Normal Commission = Rs. 20,690</td>
</tr>
<tr>
<td>27,000,000</td>
<td>20,000,000</td>
<td>Maximum Percentage = 0.27%</td>
<td>Maximum Commission = Rs. 72,900</td>
</tr>
</tbody>
</table>
Showroom Manager (SM):

**Amendments to Sales Commission For Showroom Incharges**

Currently, commission for Showroom Incharges – Karsaz, DHA Lahore & I-9 Islamabad are being calculated as mentioned below:

**Current Sales Commission – For Showroom Incharge**

Commission will be paid to Showroom Incharge based on total sales and expense of the showroom. Calculation will be as below:

If \( \frac{\text{Total paid invoices of showroom for the month}}{\text{Average monthly paid invoices of showroom over last three months}} \times \frac{\text{Average monthly expense of showroom over last three months}}{\text{Total expense of showroom for the month}} \leq 1.5 \)

Then

\[
\text{Relative commission of Showroom Incharge} = \left( \frac{\text{Total Paid invoices of showroom } - \text{ p/f & freight charges}}{1 + \left( \frac{\text{tax rate \%}}{100} \right)} \right) \times \left( \frac{\text{Total paid invoices of showroom for the month}}{\text{Average monthly paid invoices of showroom over last three months}} \times \frac{\text{Average monthly expense of showroom over last three months}}{\text{Total expense of showroom for the month}} \right) \times \frac{\text{Performance factor}}{10} \times 0.0018
\]

If \( \frac{\text{Total paid invoices of showroom for the month}}{\text{Average monthly paid invoices of showroom over last three months}} \times \frac{\text{Average monthly expense of showroom over last three months}}{\text{Total expense of showroom for the month}} > 1.5 \)

Then

\[
\text{Relative commission of Showroom Incharge} = \left( \frac{\text{Total Paid invoices of showroom } - \text{ p/f & freight charges}}{1 + \left( \frac{\text{tax rate \%}}{100} \right)} \right) \times \left( \frac{\text{Performance factor}}{10} \right) \times 0.0027
\]

Performance factor for Showroom Incharge will be decided by DS. Expense of showroom will be taken from ERP software.

<table>
<thead>
<tr>
<th>NET SALES</th>
<th>EXPENSES</th>
<th>LIMIT INDICATOR</th>
<th>COMMISSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,267,768</td>
<td>1,948,287</td>
<td>1.43</td>
<td>18,753</td>
</tr>
</tbody>
</table>
Amendment in Sales Commission – For Showroom Incharge

Now the rates for Showroom Incharges are being revised and raised up to Manager Showroom commission rates.

Commission will be paid to Showroom Incharge based on total sales and expense of the showroom. Calculation will be as below:

If \( \frac{\text{Total paid invoices of showroom for the month}}{\text{Average monthly paid invoices of showroom over last three months}} \times \frac{\text{Average monthly expense of showroom over last three months}}{\text{Total expense of showroom for the month}} \leq 1.5 \)

Then

Relative commission of Showroom Incharge = \( \frac{\text{Total paid invoices of showroom} - \text{p/f & freight charges}}{1 + \left(\frac{\text{tax rate} \%}{100}\right)} \times \frac{\text{Total paid invoices of showroom for the month}}{\text{Average monthly paid invoices of showroom over last three months}} \times \frac{\text{Average monthly expense of showroom over last three months}}{\text{Total expense of showroom for the month}} \times \frac{\text{Performance factor}}{10} \times 0.0024 \)

If \( \frac{\text{Total paid invoices of showroom for the month}}{\text{Average monthly paid invoices of showroom over last three months}} \times \frac{\text{Average monthly expense of showroom over last three months}}{\text{Total expense of showroom for the month}} > 1.5 \)

Then

Relative commission of Showroom manager = \( \frac{\text{Total paid invoices of showroom} - \text{p/f & freight charges}}{1 + \left(\frac{\text{tax rate} \%}{100}\right)} \times \frac{\text{Performance factor}}{10} \times 0.0036 \)

<table>
<thead>
<tr>
<th>NET SALES</th>
<th>EXPENSES</th>
<th>LIMIT INDICATOR</th>
<th>COMMISSION</th>
</tr>
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<tbody>
<tr>
<td>7,267,768</td>
<td>1,948,287</td>
<td>1.43</td>
<td>25,004</td>
</tr>
</tbody>
</table>
**Role Based Access Controls.**

There are two type of RBAC.

1. Authorization.
2. Access Rights on ERP (data entry forms & Reports).

Authorization

<table>
<thead>
<tr>
<th>Designation</th>
<th>Authorization</th>
<th>Authorization Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager Showroom</td>
<td>5% discount</td>
<td>Can approve and system transaction do by his self.</td>
</tr>
<tr>
<td>Order Dispatch to Factory</td>
<td></td>
<td>Can approve.</td>
</tr>
<tr>
<td>Credit Sale</td>
<td></td>
<td>Can only recommend. Final director sales approval.</td>
</tr>
<tr>
<td>Company change (IWS to IWM and IWM to IWS) in quotation level, order level, invoice level</td>
<td>Can approve but send to IT factory for changes.</td>
<td></td>
</tr>
<tr>
<td>Any changes in order before and after GDN(Dispatch).</td>
<td>Can approve and send to IT factory for changes.</td>
<td></td>
</tr>
<tr>
<td>Manager Sales</td>
<td>3% discount</td>
<td>Can only recommend, system transaction will do by manager showroom.</td>
</tr>
<tr>
<td>Company change</td>
<td></td>
<td>Can only recommend, system transaction will by IT factory.</td>
</tr>
</tbody>
</table>
Note: it is incomplete, we are working on it.

Credit Sales & Credit Order Bookings:

1. Introduction:
   a. Objective:
      The objective of this SOP is to define and illustrate procedures of getting credit approval against customer order bookings and sales.
   b. Scope:
      This SOP covers the following:
      1) Classification of credit approvals
      2) Procedure of getting approvals
      3) Credit Approval Form (Specimen)
   c. Frequency of Review:
      This SOP will be reviewed on yearly basis or whenever deemed necessary.

2. Standard Operating Procedure:
   a. Classification of Credit Approval:
      Credit approval can be categorized into two categories:
      i. Credit Order Booking:
         Company’s policy states that for all ‘BOOKING’ orders, advance receipt of 70% of order value is a MUST for an order to be booked.
         Approval from competent authority is required to book any order where the advance received is less than 70% of the total order value.
      ii. Credit Sales:
         Company strictly conform a ‘No Credit Policy’ i.e. 100% order value must be received before delivery of the order, however, for all exceptional cases, approval is required from competent authority to delivery order before full receipt.
   b. Credit Eligibility:
      Credit may be given to the following;
1- INDIVIDUALS
There is no credit policy for individuals, unless personal reference of BOD for which approval of at least 02 out of 03 BOD is required.

2- GOVERNMENT/SEMI GOVERNMENT, MULTINATIONALS
Credit may be granted to Government / semi government agencies and multinationals with which a separate contract / agreement are not signed but a separate P.Os or Work Orders has been issued.

i. Prerequisite:

The following shall be considered before granting any credit whether to a person or a company.

- Personal reference or relationship with individual/organization
- Credit History
- Current status of organization (where applicable)
- Scope of work
- Current receivable (with ageing status)

ii. Credit Approval Limits:
Credit approval limits with respect to authorized persons shall be as under:

<table>
<thead>
<tr>
<th>Credit Limit</th>
<th>Approving Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>1   Up to 01 Million</td>
<td>SRM</td>
</tr>
<tr>
<td>2   01 Million to 10 Million</td>
<td>DS&amp;M</td>
</tr>
<tr>
<td>3   Over 10 Million</td>
<td>2/3 BOD Approval</td>
</tr>
</tbody>
</table>
c. Procedure for Getting Approval:
   i. Credit Approval Flow:

   ![Credit Approval Flow Diagram]

   - CLIENT Requests Credit
   - SALES
   - GENERATES CREDIT APPROVAL FORM
   - ACCOUNTS VERIFIES THEIR RELEVANT INFORMATION
   - All Relevant Information is Filled in
   - Sales forward the request to Competent Authority
   - COMPETENT AUTHORITY APPROVES
   - Copies Submitted to Accounts for record
d. Credit Approval Forms (Specimen):
SOP-IWM-Sales/1.2

1. Interwood Mobel (Pvt.) Ltd.
   CREDIT ORDER BOOKING APPROVAL
   CREDIT SALES APPROVAL

   FORM NO: ___________________  DATED: ___________________

   PROJECT / CLIENT NAME: __________________________________________

   SALESPERSON: ________________________________________________

   QUOT. / ORDER REF. NO. ________________________________________

   P.O / L.O.I / CONTRACT NO: ______________________________________

   ORDER / QUOTATION DATE: _______________________________________

   TOTAL QUOTED / ORDER VALUE: ________________________________

   CLIENT LEDGER BALANCE: _______________________________________

   CURRENT RECEIVABLE FROM CLIENT (WITH DUE DATE)
   TERMS & CONDITIONS AS PER P.O / L.O.I / CONTRACT
   ___________________________________________________________
   ___________________________________________________________
   ___________________________________________________________
   ___________________________________________________________

   SALES PERSON  ACCOUNTS  SRM  CEO/DS&M
   ___________________________________________________________
   ___________________________________________________________
   ___________________________________________________________
   ___________________________________________________________
   ___________________________________________________________

   Payment Received:
   Date: __________________________
   Amount: ________________________

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**Contracts:**

1. **Introduction:-**
   
a. **Objective:**

   The objective of this SOP is to describe the framework for processing the quotation against any contract or participation in Tender.

b. **Scope:**

   This SOP covers the following:

   4) Contractors
   5) Government / Semi-Government / Multinationals

c. **Frequency of Review:**

   This SOP will be reviewed on yearly basis or whenever deemed necessary.

2. **Standard Operating Procedure:**

   a. **Contractors:**

      These are persons who have taken contract from some governmental or semi governmental authority or company or any other person, and want to Purchase from the Company:

      - They are to be treated like ordinary customers, with the same terms and conditions as for any other customer i.e.
        - 100% Advance – for retail orders
        - 70% Advance & Balance before delivery – for booking orders

      *(Specifically, retention money, bid bond, performance bond, bank guarantee, liquidated damages penalty etc should **NOT** be agreed under any circumstances)*

      - They will be governed by our general terms and conditions of sale.

      In case of any waiver, deviation or modification from these terms, a prior in-written approval has to be obtained from DS&M / CEO / Chairman.

b. **Government/ Semi-Government/ Multi-National:**

   i. **Pre-Bid Executive Summary:**

      The following information is to be submitted to the DS&M before making any bid:
1) **Value of Contract:**
   Minimum contract value: Rs. 10M
   (Any lesser amount, at the discretion of DS&M)

2) **Product / Service to be Supplied:**
   Category of good to be supplied with description of any other services demanded.

3) **Amount of Bid Bond / Security Deposit**
4) **Performance Bond**
   - Value of bond (% of Contract Value),
   - Validity period

5) **Time for Completion**
6) **Mobilization Advance**
   - Percentage & Value of Mob Adv.
   - Whether against Bank Guarantee
   - Validity Period
   - Tax implication

7) **Payment Terms**
   • **Advance & Before Delivery:**
     A material of total contract value of should be realized before delivery of goods, which can be broken up into following manners, e.g.

<table>
<thead>
<tr>
<th></th>
<th>Advance</th>
<th>Balance (before delivery)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>10%</td>
<td>80%</td>
</tr>
<tr>
<td>Option 2</td>
<td>50%</td>
<td>40%</td>
</tr>
</tbody>
</table>

   • **After Delivery:**
     Although 90% of receipt should be realized before delivery, however, as a special case the same should be attained soon after delivery.

   • **Installation:**
     Installation is a continuous variable calculated in percentages, thus not the most favourable for billing point.
Ideally installation should be contracted separately (if possible).

Installation billing term should only be added to those contracts where fixing/installation charges are separately agreed with the client.

- **Retention Money:**
  Retention money should not be more than 5% of the contract value, also handing/taking over & retention money term shall be mutually exclusive in any contract and the balance(if any) shall be adjusted in the prior.

8) **Running Bills:**
   If the client can be billed on partial deliveries?

9) **Inspection:**
   If required? And then where?

10) **Liquidated Damages / Damages for Delay:**
11) **Any other Clause which has Financial Implication:**
   This should be put up to DS&M for approval. Without his written approval no bid is to be made. In the absence of DS&M, this shall be put up to CEO and in his absence to the Chairman.

12) **Warehouse Charges:**
   Implication of 2% warehouse charges on goods ready in warehouse since more than a month, as per terms stated in quotations, should be categorically approved by the client.

ii. **Terms to be Negotiated:**

   All out efforts should be made to include the following terms in the contract.

1) **Credit Limits**
   A credit limit should be defined for all projects which shall not exceed 15% of the total contract value.
Once receivable amount against bills reaches or cross the defined credit limits, all deliveries should be stopped until the clearance of the payment.

Delays caused by such stoppage shall be treated as per section 2) of term 2.2.2) of this SOP.

2) **Delays on Part of the Client**
   
   *The date of completion of works will be increased by the number of days for which IWM is not responsible. This includes, delays on part of the client on account of change in specification, quantities, approval of drawings, approval of samples, mobilization advance and other payments which are due as per terms and conditions of the contract etc.*

3) **Bank Guarantees**
   
   The following points are to be noted:

   a) **Mobilization Bank Guarantee**

   Where the amount of Bank Guarantee is more than Rs 1 million;

   *One Bank Guarantee should not be submitted.*

   **Illustration:**

   Suppose Mobilization advance guarantee of Rs 10 million is to be submitted. Instead of submitting one bank guarantee of Rs 10 million, four guarantees equal to Rs 2.5m should be submitted. If we submit one bank guarantee we cannot take back that guarantee till the whole amount of advance is adjusted. If we take four, the moment advance of Rs 2.5m is adjusted we can ask for the return of one bank guarantee and so on.
Receivable Reporting, Follow Ups & Writing Off

1. Introduction:
   a. Objective:
      The objective of this SOP is to define and illustrate the categories of ‘Receivables’, the procedures of their follow-ups at different stages of ageing status and the framework of their reporting for writing off approvals.
   b. Scope:
      This SOP covers the following:
      - Receivable Classification for Management Reporting
      - Receivable Ageing
      - Receivable Reconciliation & Circulation Pattern
      - Receivable Follow-ups
      - Approval Procedure for Writing-off Bad Debts
   c. Frequency of Review:
      This SOP will be reviewed on yearly basis or whenever deemed necessary.

2. Standard Operating Procedure:-
   a. Receivable Classification for Management Reporting:
      Receivables shall be classified into the following 08 categorizes;
      i. Bill Receivable:
         All those receivable against which dispatches have been made & invoices/bills has been submitted to clients, shall fall into this category.
         This shall include those individual/corporate clients too, which do not demand any invoice but have had their goods delivered through Credit Sales Approved by competent authority.
      ii. Retention Money- Due:
         This category encompasses only those receivables against money retained by client which have reached/passed their due date in the light of the decided terms of payments i.e. due.
      iii. Advances Receivables:
         Pending advances of Projects/POs against which Bank Guarantees (Mob. Adv) has been issued or of those quotations which have been approved by the clients (i.e. a formal purchase order (PO) / work order (WO) is issued – validity to be confirmed on PO), shall become the part of this category.
      iv. Ready Order:
Ready orders shall include all orders available whether in factory warehouse or in showroom warehouse. Furthermore these are classified into further two categories;

- **Complete Ready orders**
  Orders which against which production have been completed 100% and the good are transferred to the warehouse.

- **Incomplete Ready Orders**
  Orders which are under production however, few items/components are transferred to warehouse as ready.

v. Tax Challan:
Income tax & sales tax withheld challans receivable from clients.

vi. Bank Guarantees:
Detail of those bank guarantees, including both Mobilization Advances & Performance Bonds, of which the originals are not received from client and have passed their expiry dates whether the project (against which these were issued) has completed or not.

vii. Retention Money- Not Due:

b. Receivables Aging:

i. Aging for Different Receivable Categories:
Ageing point for different receivable categories shall be as follows;

<table>
<thead>
<tr>
<th>Sr. #</th>
<th>Category</th>
<th>Ageing Point</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Billed Receivable</td>
<td>Invoice/Bill Date</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Each bill separately shown</td>
</tr>
<tr>
<td>2</td>
<td>Retention Money</td>
<td>Due date as per terms (agreed)</td>
</tr>
<tr>
<td>3</td>
<td>Advances Receivable</td>
<td>Date of issuance of PO/Bank Guarantee (Mobilization Advance)</td>
</tr>
</tbody>
</table>
4. Ready Order
   Date of Ready Order for both
   COMPLETE & INCOMPLETE orders

5. Tax Challans
   Date of Receipt of payment from
   client

6. Bank Guarantees
   Expiry Date of guarantee

c. Receivable Reconciliation & Circulation Pattern:
   All receivables shall be updated on daily basis at all sales points by relevant
   accounts department.

   **Reconciliation:** Reconciliations of receivables between accounts and sale’s/client’s
   record should also be undergone on regular basis to avoid any drifts from actual status.

   **Circulation:** Receivable shall be circulated under the following pattern:

<table>
<thead>
<tr>
<th>Report</th>
<th>Day of Week</th>
<th>Circulated to</th>
<th>Source</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly* Receivable Report</td>
<td>Monday</td>
<td>Showroom Managers</td>
<td>Head Office (Factory)</td>
<td>Verify/Sign</td>
</tr>
<tr>
<td>(Showroom Wise)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weekly* Showroom Wise</td>
<td>Tuesday</td>
<td>Factory Accounts</td>
<td>Sales Point</td>
<td>Consolidate</td>
</tr>
<tr>
<td>Receivable Status</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weekly* Receivable Status</td>
<td>Thursday</td>
<td>Management</td>
<td>Head Office (Factory)</td>
<td></td>
</tr>
<tr>
<td>Consolidated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Signed by SRM)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weekly* Receivable Status</td>
<td>Friday</td>
<td>-</td>
<td>Factory + Showrooms</td>
<td>Meeting</td>
</tr>
<tr>
<td>Consolidated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Week shall be considered from last Monday to Saturday.
d. Receivables Follow Ups:

To provide management the updated receivable status and their recover related current position, rigorous follow-ups (of all types of receivables) between Accounts, Sales & Clients shall flow in the below manners.

- Where possible, sales persons will provide a tentative recovery dates, to be reported to management.
- Sales persons will be asked to provide the updated status on the tentative dates provided earlier.
- All sales persons shall provide a weekly status on each receivable, whereas, on the other hand, they can be inquired about the current status any time in the week to management reporting.
- Accounts/recovery department will maintain a complete set of records of follow-ups with sales persons or clients.

e. Approval Procedure for Writing Off Bad Debts:
Receivable will be forwarded to further action/recommendation under following lines as per ageing status.

<table>
<thead>
<tr>
<th>No. of Days</th>
<th>Circulation</th>
<th>Further Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 30</td>
<td>Report in weekly receivable report</td>
<td>- Sales person should follow-up with the client.</td>
</tr>
<tr>
<td>Over – 30</td>
<td>Report to Showroom Manger for review</td>
<td>- Letters should be written to customer (twice), with acknowledgment. - Customer response recorded.</td>
</tr>
<tr>
<td>Over – 50</td>
<td>Report to DS for review</td>
<td>- SRM will contact the relevant client himself</td>
</tr>
<tr>
<td>Over – 90</td>
<td>Report to DS for Approval as BAD DEBT</td>
<td>- Report put up to DS for review. - Along with all documents.</td>
</tr>
</tbody>
</table>
### Project (Pre-Bid) Executive Summary:

**INTERWOOD MOBEL (PVT.) LTD.**

**PROJECTS (PRE-BID) EXECUTIVE SUMMARY**

<table>
<thead>
<tr>
<th>Form #</th>
<th>Dated:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Client’s Information**

<table>
<thead>
<tr>
<th>CLIENT ID:</th>
<th>CLIENT NAME:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEDGER BALANCE:</th>
<th>CURRENT RECEIVABLE:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Project’s Information**

1. **SCOPE OF PROJECT**
   - VALUE OF PROJECT: **Rs.**  
   - PERIOD: ____________________

2. **PRODUCTS & SERVICES:**
   - OFFICE FURNITURE
   - HOME FURNITURE
   - KIDS FURNITURE
   - DOORS
   - KITCHEN
   - WARDROBES
   - OTHERS
   - SERVICES DEMANDED: ____________________

3. **COSTING**
   - MATERIAL AVAILABILITY
   - DELIVERY SCHEDULE
   - TECHNICAL FEASIBILITY
   - COSTING

4. **SECURITIES**
   - BID BOND / SECURITY DEPOSIT: **Rs.**  
   - MOBILIZATION ADVANCE: **Rs.**  
   - PERFORMANCE BOND: **Rs.**
   - VALIDITY: ____________________

5. **PAYMENT TERMS**
   - ADVANCE: ____________________%
   - BEFORE DELIVERY: ____________________%
   - AFTER DELIVERY: ____________________%
   - INSTALLATION: ____________________%
   - RETENTION MONEY: ____________________%
   - OTHER: ____________________%
   - TOTAL: ____________________%
   - 100%

6. **OTHER INFORMATION**
   - INSPECTION
   - CHARGES AGAINST DELAYS
   - OTHER
   - ____________________
   - ____________________
   - ____________________

**Remarks From Management**

<table>
<thead>
<tr>
<th>SALES PERSON</th>
<th>SIGNATURE</th>
<th>DATED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SHOWROOM MGR</th>
<th>SIGNATURE</th>
<th>DATED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>