



# MEETING MINUTES

## State of Louisiana ERP Project

### Blueprint Workshop / MRP Planning Run

Session: LOG-IM-001

When: 11/5/08 – 8:30am – 4:30pm

Location: DOTD Bldg, 2<sup>nd</sup> Floor, War Room

#### Attendees:

No.	Name	Agency	Invited?	Day 1	Day 2	Comments
1.	Anderson, Shannon	DPS	Y	N	n/a	
2.	Ardoin, Diane	DOTD	Y	N	n/a	
3.	Bickham, Thomas	DOC	Y	N	n/a	optional attendee
4.	Bielkiewicz, Erin	DPS	Y	N	n/a	optional attendee
5.	Breaux, Margaret	DOTD	Y	N	n/a	
6.	Cali, Dom	ERP Team	Y	N	n/a	optional attendee
7.	Denham, Brad	ERP Team	Y	N	n/a	
8.	Dutt, Dev	ERP Team	Y	Y	n/a	
9.	Elliott, Sterrie	ERP Team	Y	Y	n/a	
10.	Evans, Karen	Veterans	Y	N	n/a	
11.	Guedry, Mary	LDWF	Y	N	n/a	
12.	Humm, Lori	ERP Team	Y	N	n/a	optional attendee
13.	Jarreau, Mary	DOTD	Y	Y	n/a	
14.	Kees, Wynette	LDWF	Y	N	n/a	optional attendee
15.	Ladhur, Jack	ERP Team	Y	N	n/a	
16.	Lawrence, Bernadette	DOTD	Y	Y	n/a	
17.	Leerhoy, Michael	ERP Team	Y	Y	n/a	
18.	Maranto, Cynthia	ERP Team	Y	Y	n/a	
19.	Nolan, Debbie	DVA	Y	N	n/a	
20.	Olivier, Herbert	ERP Team	Y	Y	n/a	
21.	Pierce, Karen	ERP Team	Y	Y	n/a	
22.	Rogers, Belinda	ERP Team	Y	N	n/a	
23.	Roubique, Margaret	DOC	Y	N	n/a	
24.	Shelton, Chrishel	ERP Team	N	N	n/a	
25.	Sloper, Sondra	DVA/DHH	Y	N	n/a	
26.	Taylor, Danny	DPS	Y	N	n/a	
27.	Templet, Marty	DOC	Y	Y	n/a	

28.	Trivedi, Mandar	ERP Team	Y	Y	n/a	
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<i>Agenda Item and Notes</i>	<i>Owner(s)</i>	<i>Action Items &amp; Assignments</i>	<i>Comments / Follow-up</i>
<b>1. Logistics, Ground Rules, &amp; Introductions</b>	Karen Pierce	<ul style="list-style-type: none"> <li>None</li> </ul>	
<b>2. Workshop Objectives</b>  MRP execution -control parameters -manual ad hoc -automatic mass processing MRP evaluation & output System Demos -MRP output evaluation -Purchase Order cycle -Stock transport order cycle -Reservations and issues for consumption	Karen Pierce	<ul style="list-style-type: none"> <li>None</li> </ul>	
<b>3. Project Overview/Timeline</b>	Karen Pierce	<ul style="list-style-type: none"> <li>None</li> </ul>	
<b>4. Business Process Review</b>  -SAP Terms Glossary -Process improvement opportunities -SAP concepts & functionality -Leading practices -Enterprise readiness Challenges	Mike Leerhoy Dev Dutt	<ul style="list-style-type: none"> <li>None</li> </ul>	Hard copies provided:  PowerPoint Slide Deck IM/WM Tentative Blueprint Schedule
<b>5. Action Items</b>		<ul style="list-style-type: none"> <li>Discuss with SRM the requisition/reservation process. Is SRM capable of determining if request can be filled as a reservation instead of a purchase requisition if the item is in inventory?</li> <li>Discuss with SRM what the options are for synchronization of price</li> <li>Discuss with Logistics the numbering scheme for storage locations and plants.</li> <li>Discuss with Agile Assets and/or PM if linear assets such as LEDs (for traffic lights) and cameras will be handled as consumable items or assets</li> <li>Talk to HR to see if items issued can be tracked to the person it was issued to</li> </ul>	

Agenda Item and Notes	Owner(s)	Action Items & Assignments	Comments / Follow-up
		<p>through an HR link (example: State Police uniforms).</p> <ul style="list-style-type: none"> <li>• Discuss with PM items going from field back to inventory, sent for repair, and back into inventory after repair (LEDs). Need to track by serial #'s and have split valuation.</li> <li>• Discuss with SRM inventory item requisitions with split valuations (new and refurbished). If refurbished item is requested but not available, approval is needed to issue new item.</li> <li>• Discuss with PM work orders with byproducts (i.e. poles/J bolts)</li> <li>• Look into use of sales orders for items "loaned" on construction jobs to contractors.</li> <li>• Sterrie to check with Agile Assets about inventories with serial numbers that need to track warranty issue. Possible GAP.</li> </ul>	
<b>6. Key Decisions</b>		<ul style="list-style-type: none"> <li>• Utilize planned orders with MRP output for conversion to Purchase Requisitions (Option 2, slide 34).</li> <li>• Warehouse numbering is internal – determined by a centralized group.</li> </ul>	
<b>7. Organizational Impact</b>		<ul style="list-style-type: none"> <li>• None</li> </ul>	
<b>8. Parking Lot</b>		<ul style="list-style-type: none"> <li>• None</li> </ul>	
<b>9. FRICE-W</b> <ul style="list-style-type: none"> <li>- Forms</li> <li>- Reports</li> <li>- Interfaces</li> <li>- Conversions</li> <li>- Enhancements</li> <li>- Workflow</li> </ul>		<ul style="list-style-type: none"> <li>• ( R ) - Report listing Purchase Requisitions by Storage Location.</li> <li>• ( E ) - Add a Storage Location field to selection criteria of the Purchase Requisitions List.</li> <li>• ( W ) - Approval process for stock transport requisitions</li> <li>• ( E ) - Mobile solutions to map serial #'s to goods receipts.</li> </ul>	

Agenda Item and Notes	Owner(s)	Action Items & Assignments	Comments / Follow-up
<b>10. Integration Points</b>	• None		
<b>11. Discussion</b>			
<p>Karen – In opening statements, advised that this is the last of the IM/WM sessions. Not sure who will be invited to the Mobile Solutions session listed on the tentative Blueprint Schedule. Dev is working with Chris Pena on Mobile Solutions to make sure our needs are met.</p>			
AS-IS			
<p>Karen – Reviewed the Venice system Inventory Replenishment List. Current Price column has weighted average prices listed. Backorder is not set up in our current system – we don't accept back orders. We have the person reorder if we don't have items requested.</p>			
<p>Sterrie – If only one item, I put it as a backorder. It is a manual process.</p>			
<p>Dev – What is the Order Method column used for?</p>			
<p>Karen – It shows if the purchase was ordered off of a Purchase Order, P-Card, or straight out to the vendor (which we do not do).</p>			
<p>Mike – Is ordering and inventory currently in separate systems?</p>			
<p>Karen – Yes.</p>			
<p>GLOSSARY – floor to Mike Leerhoy</p>			
<p>Mike – There are 3 ways to run MRP:</p>			
<ul style="list-style-type: none"> <li>• Net Change Planning (NETCH) will be run on an on going basis. The logic behind this is that the system keeps track of which materials need to be included in the MRP run.</li> <li>• It is a good idea to use Regenerative Planning (NEUPL) right after we load the materials into the system and carry out an MRP run for the first time.</li> <li>• Net Change Planning in Planning Horizon (NETPL) will not apply since we don't plan on doing planned MRP runs.</li> </ul>			
<p>Mike - The main purpose of MRP is to generate order proposals for replenishment. Planned orders or PO Requisitions are non firm order proposals and are output options generated by the MRP. We can configure whether we want Planned Orders or PO Requisitions to be generated thru the MRP. They will not be sent out to the vendors unless we release them from the MRP. PO's and Production orders are firm order proposals and are not planned by the MRP.</p>			
<p><b>MRP EXECUTION CONTROL PARAMETERS</b></p>			
<p>Mike – The Creation Indicator can be set for all materials or selected materials. I recommend setting it for all materials.</p>			
<p>Mike (Slide 15 – MRP Execution Control Parameters) – Scheduling applies to manufacturing.</p>			
<p>Mike – (Slide 16 – Single Item, Single Level MRP executed ad hoc by warehouse) - We will not be doing delivery schedules in purchasing. Planning date populates by itself with current date.</p>			
<p>Mike – (Slide 17 – Total Planning Run – automatic every night) - You have to set up the sequence for the order of the MRPs to be run.</p>			

## MRP EVALUATION AND OUTPUT PROCESSING

Mike – (Slide 23 – MRP List) – The MRP List is static from the time it is created and does not show any changes that were made to inventory after the list was created.

Mike – (Slide 24 – Stock Requirements List) – This list is live and runs an immediate MRP run every time you make a change to a material. Is a “cousin” to the MRP List. This list is the most useful tool for MRP because you have good visibility of changes. You cannot make changes on the list itself.

Karen (Slide 25 – Exception Messages in MRP List and Stock Requirements List) – I see that one of the exception messages references “quota exceeded”. You can set up a quota for how many items you want to receive?

Mike – No. If you have multiple vendors for same item, you can have it set up to order so many from each vendor.

Mike – The Exception Messages are grouped (0-8). The first column of the Exceptions Message List (Slide 25) shows the group number (see ‘SelGr’ column). The MRP List: Materials List (Slide 26) has a column labeled for each group (1-8). The number listed in this column is the number of exceptions for that group. The Individual MRP List (Slide 27) shows the actual exception message number (i.e., 01=Newly created order proposal).

Mike – You can change the date on the MRP List if items are needed earlier than the proposed date.

Mike (Slide 28 – Stock/Requirements List: Material List) – You cannot get exception messages on this list. The red light means there is a conflict; the green light means no conflict.

Mike – (Slide 30 – Stock Overview) – If you have a material that is used statewide, you would have the capability to see the availability of the item at all locations.

Karen – Can we get a list for availability at our warehouse only?

Mike – Yes. The list can be narrowed down to your warehouse only. This can be done on the request screen.

Mike – (Slide 31 – List Display of Purchase Requisitions – Selection Criteria) – We might have to put in a request for development on this. The Storage Location is not one of the selection criteria.

Karen – Add to FRICE-W. Need a report that lists PO Requisitions by Storage Location. Wouldn't the procurement group use this as well?

Mike – Yes.

Karen – Also add to FRICE-W as an (E) enhancement – add field to current report for requisitions.

Mike – There is a pitfall to this. If you don't put the storage location for external procurement on the MRP 2 view of the material master or the MRP Area view, the system will not be able to populate the storage location field in the purchase requisition or planned order during the MRP run and the requisition will therefore not be selectable via storage location on any report that has storage location as a selection criteria.

## RELEASING PROCUREMENT PROPOSALS TO PURCHASING (Slides 33 & 34)

Mike – We need to make a call here. What will the handshake be between MRP and Purchasing for releasing? It can either be by purchase requisitions or by planned orders.

Karen – If the system creates a purchase requisition once the MRP is run, is that requisition automatically released to the purchase order?

Mike – No. You have to push it out. It creates a requisition, but the requisition sits there until you release it to procurement via a separate transaction. It is recommended as best practice to use planned orders. If you use planned orders, you can release the planned order from the same screen to create a purchase requisition. A separate transaction is not needed.

Karen – I would rather use planned orders. Does everyone agree? (Everyone agreed.)

KEY DECISION – Utilize planned orders w/MRP output for conversion to Purchase Requisition (Option 2, slide 34).

Mike – Unplanned issues can be done via a requisition or a reservation. Reservations would be used for items already in stock – no approval process.

Karen – I understood that all issues would be done via requisitions.

Mike – If the issues are taken care of in SRM via requisitions, then no problem. But I am not sure if SRM will be smart enough to determine if a reservation can be generated instead of a Purchase Requisition if the material is available in the warehouse.

Mandar – We have to find out how the number range is going to work between ECC and SRM.

ACTION ITEM – Discuss with SRM the Requisition/Reservations process.

Karen – It is my understanding that the requisition price will either be pulled from the material master or a price will be entered by the end user. The requisition will not pull the inventory price until the requisition is sent to the sourcing cockpit, which is after the approvers have approved the requisition. The inventory price could be either lower or higher than the requisition price.

ACTION ITEM – Discuss with SRM what the options are for synchronization of price.

Marty - If you are looking through stock and see that you are not below the minimum quantity, but know something is coming up and will need to order more, how do you do it?

Mike – You can go in and manually create a planned order. Even though the MRP gives you a quantity to replenish, but you know you need more, you can always override the MRP.

## DEMOS

Following were discussions/items identified resulting from SAP demonstrations given by Mike Leerhoy and Dev Dutt:

ACTION ITEMS – Discuss with Logistics the numbering scheme for storage locations and plants.

KEY DECISION – Warehouse numbering will be internal and determined by a centralized group.

Bernadette – Will all MPR requisitions be put on one PO?

Mike – One requisition with several line items will be generated from MRP. The line items are segregated to separate POs per vendor at the time the PO is created. If items should be purchased from a contract, the system will flag the items as being associated with a contract. If the item does not have a contract available in the system, then the Purchase Requisition goes to bidding.

Karen – Can MRP be set up to consider the quantities on the open deliveries and Stock Transport Orders so that the MRP proposed order quantity will bring the available stock back to the max after the deliveries and Stock Transport Orders are filled?

Mike – Yes. The MRP can be set up to include lead times on these items.

Mike – Do Stock Transfers need approvals?

Bernadette – Yes, because money moves from one location to another.

Mike – Then they cannot be done through reservations. They need to be Stock Transport Orders – triggered by Stock Transport Requisitions. The Stock Transport Requisitions would go through an approval process.

FRICE-W – ( W ) - Approval process for Stock Transport Requisitions.

Karen – What distinguishes a Stock Transport Requisition from a regular requisition? We don't want the Stock Transport Requisition to go to Purchasing since we already have the items in the warehouse.

Mike – Can be set up in the background that the Stock Transport Orders won't require a PO.

Karen – Is it automatic for a District to order from Central Warehouse, or can they order on their own if they see that the warehouse doesn't have the items?

Mike – They can order on their own. The MRP is set up for them to order from Central Warehouse. If they want to order themselves, they can change the MRP generated request from a Stock Transport Requisition to a regular requisition - to be procured straight from the vendor.

Karen – If approvals have been made for the Stock Transport Requisition, and the change is made to make it a regular requisition, it will have to start over on approvals and go thru the approval process for regular requisition.

Bernadette – Can they look to see if you have the items before they put in a Stock Transfer request?

Karen – Yes.

Sterrie – We have to keep track of LEDs and cameras via serial number and purchase date due to warranties.

Karen – Are these over \$1,000?

Sterrie – Cameras are over \$1,000, but LEDs aren't.

Karen – Then cameras would be an asset and not an inventory/consumable item.

Sterrie/Bernadette – They aren't currently considered assets. They are considered part of the road, so are not considered assets.

Action ITEM – Discuss with Agile Assets linear assets such as LEDs for traffic lights and cameras – handled as consumable item or asset?

Karen – Do you need to keep track of the min/max of these items as well?

Bernadette – Yes.

Karen – Do they do maintenance on them?

Sterrie – No, we send them back to the vendor for repair or replacement. They are under warranty.

Karen – Can we track warranty?

ACTION ITEM – Sterrie to check with Agile Assets about inventories with serial numbers that need to track warranty issue. Possible GAP.

Mike – Warranties are tied to customer service – in Sales & Distribution module.

Karen – This may be a gap. Sterrie, please send an email Mark Suarez to check on this.

Karen – Do they pull out of inventory via a work order?

Sterrie – Not always. Districts do go through work orders.

Discussion was had regarding having RF gun scan the serial number into the goods receipt, which resulted in a FRICE-W: ( E ) - Mobile solutions to map serial numbers to good receipts.

Sterrie – How many characters can you put in the serial number field?

Mike – The SAP standard is 18 characters, but this can be configured if needed.

Mandar – Can you also put a person's name in to be able to track who the serialized item was issued to?

Sterrie – The way it's done now is it's tracked to the installed location.

Mike – You can enter a person's name on the doc header text of the goods issue doc. There is also text on item level.

Karen – This would also be needed when uniforms are issued to the State Police.

Mike – It would be better if we could map the person to HR because the text fields are "soft" and aren't linked to anything.

ACTION ITEM – Talk to HR to see if items issued can be tracked to the person it was issued to.

Sterrie – I have another question regarding LEDs returned to me because of malfunctions. The LEDs are expensed when originally issued. They are placed in use for a length of time and when they malfunction, the field crews usually get a work order to repair or replace them in the traffic signal. Many of malfunctioning LEDs are under warranty and are returned to the warehouse (but not into inventory). The warehouse sends them back to the vendor for repair or replacement. When the vendor returns them, we send them to the signal shop for re-use since they have already been charged out at original issue. Can all of these moves be tracked?

Mike – If all the moves are done in SAP, then yes. You would take the LED back into inventory, and send it to the vendor via a return order or repair order. When the vendor sends it back, you take it into inventory again, and then issue it out again.

Sterrie – We need to be able to track these by serial number. Sometimes the serial numbers change. If we receive a replacement LED, the serial number is different than the malfunctioned one that was returned to the vendor.

Mike - The best way to track this accurately using serial numbers would be to issue serial numbered items to projects using work orders. When the LED light malfunctions, the workers should record on the work order which serial number was removed and which serial number replaced it. The defective LED would be returned to inventory, blocked in the system with the code for "return to vendor for repair", and once the vendor returns the repaired or replacement LED, it is put back into inventory for issue to another project.

Sterrie – Can you change the serial number?

Mike – Yes.

Sterrie – This is an example of where I will need split valuation. The new LEDs are valued higher than the repaired ones.

ACTION ITEM - Discuss with PM items going from field back to inventory, sent for repair, and back into inventory after repair (LEDs). Need to track by serial #'s and have split valuation.

Mike - If you have split valuation, you cannot issue the item without telling the system which valuation you want to issue.

Karen – If a request is for a refurbished item and has gone through the approvals for the value of the refurbished item, but when you go to issue it you find that there are no refurbished items available, you cannot decide on your own to issue a new item unless an approval is done to issue the higher valued item.

Mike – We may have to have the item kicked back to the approval process to get proper approvals.

Karen – add to ACTION ITEMS – discuss with SRM inventory item requisitions with split valuations (new and refurbished items).

Sterrie – Another scenario that I'd like to discuss is, for example, we have to replace a pole. The J bolts are part of the pole, but they stay in the ground. The pole comes to me with a value as \$1.00.

Karen – It's considered a linear asset when it's sent to the road, right?

Sterrie – Yes.

Karen – So I'm not sure if it would be an inventoried item.

Mike – Will the poles be re-used?

Sterrie – Yes.

Mike – Then it would have to be an inventoried item taken in as \$1.

Sterrie – When would that \$1 value be done?

Mike – In the GR – you would have to select the valuation of the item at that time.

Sterrie – How would I get it in inventory – it's not a purchase order.

Mike – You can take it in without a reference, as stock found (which is essentially done like when you find inventory during stock taking), or you can do a GR without reference to PO.

**ACTION ITEM** – Discuss with PM work orders with byproducts.

Sterrie – I have to sometimes "loan" poles out to contractors so they can meet their job deadlines. Then they reimburse me with the poles that they've ordered for the job when they come in. Sometimes I never see the replacement poles.

Mike – You can issue the pole against a sales order and then they will be invoiced. You could also issue the pole on a sales order, not invoice them and take the replacement pole into inventory as a return item when you get it. Another option is to issue the pole as customer consignment. With customer consignment, the customer is not invoiced until they use the material. If they don't return the pole, you would do a sales order to have the pole invoiced to them. This is standard SAP functionality.

**ACTION ITEM** – Look into use of sales orders for items "loaned" on construction jobs to contractors.

Mike – To monitor items with shelf life or expiration dates, on the material master you have to batch manage the material. You will also probably want to enter a "min. rem. Shelf life" on the material master (i.e., 30 means that the item will expire in 30 days).

Karen – What about actual expiration dates – not within so many days/years?

Mike – Expiration dates can be entered as well.

Karen – Is the batch number the same as the lot number?

Mike – Yes.

Karen – Our DNA lab has to officially use a certain lot until it is used up.

Mike – Through batch management, the system will internally determine the oldest lot and have you issue out of that lot until it is depleted.

Karen – But can you still block certain lots that you don't want to issue?

Mike – Yes. You can put any items on block.

Dev – If the item is a Warehouse Managed material, the system will smart check if a strategy is built in. It will show the shelf life or expiration date for items in each location in the warehouse.