

PURPOSE

The purpose of this document is to standardize the process of drop shipping orders from outside vendors directly to the customer and to document the process of delegated verification of products released by suppliers. Once identified, the supplier can be authorized to drop ship defined products directly to MSI customers.

SCOPE

This document applies for MSI Plant.

RESPONSIBILITIES

Approved Suppliers – any active supplier in ENT. Most material suppliers are single source or dictated by engineering drawing. Service suppliers are the manufacturers or seller of the equipment, Amazon or internet suppliers for parts and office supplies

Customer Service – update job in ENT with tracking number, ship date and quantity and supply Purchasing Manager/Outside Vendor with MSI Packing Slip documents

Drop Ship(ment) – where a **supplier** ships product(s) directly to MSI end customer, without verification of conformance to customer requirements by MSI.

Estimating – RFQ (Backup Purchasing Manager)

Invoicing – invoice customer for the parts and freight charges if using MSI account

Inactive Supplier – a supplier marked Inactive in ENT and is no longer approved to purchase from. Accounting will mark the supplier inactive if directed so by the Purchaser.

Key Supplier - see [Procedure for Purchasing Materials](#) for definition

Outside Vendor – production, inspection, FAI/PPAP (if required) and blind shipment to the MSI customer. Prior to shipping, the vendor must contact MSI Purchasing to obtain Packing Slip, CoC and barcoded Shipping Labels.

Purchasing Manager - coordinate purchasing activities and submit drawings and shipping instructions to the vendor, as well as MSI Packaging paperwork

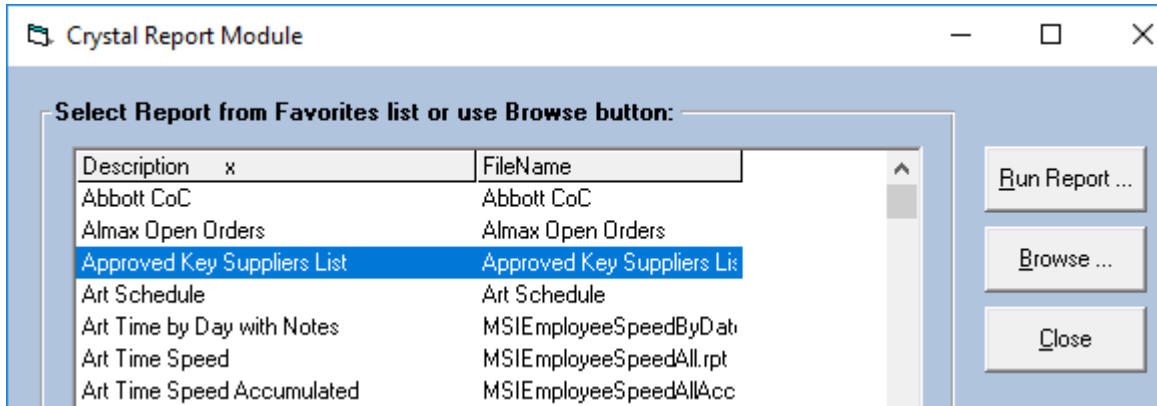
QA – Perform QMS audits on site to certify company for drop ship. QA, with assistance from Purchasing as required, will identify suppliers that can drop ship products directly to customers

Scope of Delegation – MSI/MSD approves the supplier to Drop Ship to the end customer or MSI/MSD off-site location (storage) and perform final inspection on MSI/MSD behalf according to end customer drawing.

PROCEDURE

Per MSI QMS and [Procedure for processing an Outside Service Order](#) the vendors must undergo a site audit to be allowed to drop ship to MSI customers.

In the ASL list located in ENT Reports, suppliers marked as “drop ship” are clearly identified.



Supplier Added By	Supplier Since	Supplier Code	Supplier Name	Supplier Contact Name	Supplier Email	Product/Service Approved For	Evaluation Criteria	Certif. Exp Date	Survey Sent Date	Supplier Approval Date	Drop Ship App.
joe	1/31/11	48	Serico/Midwest	Blanca Benitez	bbenitez@fujifilm.co	Ink	GI,PH		05/30/2018	06/30/2018	No
joe	1/31/11	22	SIX B Label	SUSAN	susan@sixb.com	Labels for resale	QS,GI,PH,SA		05/30/2018	06/14/2018	Yes
joe	1/31/11	6422	Softsolutions	Jay Foster	jfoster@softsolution	Maintenance & Parts	GI,PH		05/30/2018	06/30/2018	No
joe	1/31/11	5983	South Coast Advantage	Mark Anderson	mexum@southcoa	Paper products for printing	GI		11/28/2018		No
Nancy	9/6/12	7302	St. Louis Tag Co.	Bob Barenholtz	bob@stlouistag.com	Outsourced tags	GI,QS		10/30/2018	10/30/2018	No
joe	1/31/11	243	Tekra, a Division of EIK	Elaine Roach	ecroach@tekra.com	Polycarbonate, 3M adhes, mamot	IS,GI,PH	09/15/2021	05/30/2018	06/30/2018	No
joe	1/31/11	221	Ternes-Burton Co.	Grethen	office@ternesburto	Maintenance & parts	GI,PH		05/30/2018	06/30/2018	No
joe	1/31/11	810	Texas Barcode System	DAVID K. ROY	droy@texasbarcod	Barcode parts & supplies	GI,PH		05/30/2018	06/30/2018	No
Bogdan	8/31/11	9000	Thieme Corporation		orders@southcent	Squeegees & supplies	IS,QS,PH,GI	07/25/2021	05/30/2018	05/30/2018	No
joe	1/31/11	225	Uline - MSI	Accounts Receivat	customer.service@	Boxes, bags and various supplies	GI,PH		05/30/2018	06/30/2018	No
Chrissy	9/15/14	10015	Wes Adhesives Inc.	Emily Lanser	emily@ajadhesives	Liquid adhesive	GI,PH		05/30/2018	06/30/2018	No
Nancyc	3/8/16	7373	Xiamen Xindeco LTD.	Jenny Fan	jennyfan2003@hot	RFID supplies for Long Range Systems Only	GI,IS,CR	05/12/2021	01/14/2019	01/17/2019	No
joe	1/31/11	6230	X-Rite Inc.	DAVID L. HARNESK	Ruemenapp@xrit	Service & maintenance	IS,GI,PH	01/21/2021	05/30/2018	06/30/2018	No
Nancy	11/21/14	7348	Yeuell Nameplate & Labels	Lori Baumgartner	lbaumgartner@yeu	Outsourced printing and finishing	GI,PH,SA		10/8/2018	10/9/2018	Yes

For these suppliers, once the order is ready to ship to the customer, the supplier is required to notify MSI Purchasing, which in turn contacts CS with the details regarding the order and requests a copy of the Packing Slip/CoC via email, to be sent to the vendor. Additional supplier information available on MSI website at:

<https://markingsystems.com/suppliers/>

Purchasing gives the tracking information and job ticket to CS to update the order in ENT.

CS marks the order “Complete” in shipping and gives it to Accounting for invoicing purposes.

Packing Slip will be emailed to the customer overnight, with the details input by CS in the Shipping Screen.

Qualification for Drop Shipments

To be eligible to drop ship products directly to MSI customers, a supplier must be an Approved Key Supplier that has high performance levels, along with responsiveness to corrective action requests. There should be a minimum history of two production lots of shipping products to MSI for verification without rejects before consideration for drop shipment. The supplier should have acceptable and approved responses to all issued corrective action requests for consideration to drop ship.

MSI will verify the supplier is knowledgeable of the requirements and quality expectations of the drop shipped product through on-site audit of the supplier's process(es). Suppliers that are certified to ISO 9001, AS9100, TS16949 or other internationally recognized Quality Management System standards can be exempted from the on-site audit.

Suppliers that can drop ship are identified in ENT Supplier Info tab with the "Cert for Drop Ship" field set to "Yes." Since the design of ENT does not allow blocking of changes to specific fields in the Supplier Info tab, notifications are sent to QA whenever this field changes for any supplier so QA can verify the changes are appropriate.

Scope of Delegation

The scope of the delegation is listed in the Notes tab of a supplier in ENT. The scope may be defined by specific part numbers or a more generic listing of product types. The listing for all suppliers that have delegations, along with what products can be drop shipped is accessed through the Approved Key Supplier List report. See [Procedure for Adding a New Supplier](#).

Monitoring

Delegated verification activities are monitored through reject tracking and supplier corrective action process.

MSI/MSD periodically verifies the delegation every 2 (two) years. The supplier must send one completed part to MSI/MSD facility for inspection as part of verification.

Poor performance will result in the suspension or removal of the ability to drop ship products.

Suspension of Drop Shipments

Lots with greater than 1.0% defectives in a shipped lot will result in the suspension of the supplier's ability to drop ship that product. Future lots must be shipped to MSI for verification until the supplier can re-qualify per the requirements listed previous in this document.

A supplier's failure to provide approved supply corrective action requests will result in the suspension of the supplier's ability to drop ship any products.

Revision Date	Nature of Revision	Revision Approval
7-3-19	Original Release of document	
8-7-19	Updated responsibilities for outside vendors	Julia Rusmanica, ASQ CMQ/OE, COA, CQI