Infor MP2 6.1

Contracts

MP2 provides functionality for two types of contracts: Blanket Purchasing Orders and Service Contracts. Both can help you more efficiently perform key business processes.

Additionally, there are other (often more efficient) workarounds that you might find helpful. This document will explain a few different options for both.

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Blanket Purchase Orders

Sometimes vendors offer you items at a discounted price, and they would like to see a unique purchase order number to indicate the price agreement. Whereas purchase orders are usually numbered sequentially and never repeat themselves, blanket purchase order functionality provides you a way to generate the same, custom PO number more than once. Each purchase order generated in this manner is assigned a sequential "release number", starting with '0' for the first release of a blanket PO.

As you will see soon, blanket POs can have a limit, and they also have a field to store the current amount. One major design flaw is that the *Current Amount* field is not automatically updated, and MP2 doesn't actually prevent you from exceeding the maximum. This can be fixed by a system administrator by adding some custom SQL (that's the language of database programming).

Another common complaint about the blanket PO functionality is that it requires each individual item to be specified – there's no way to simply say "everything up to $10,000 from vendor X between these dates goes under the blanket PO". A common example might be a local hardware store that sells many minor, miscellaneous parts to your plant. Since you obviously don't want to put the entire inventory catalog of the hardware store into MP2 as individual items, you might want to consider simply creating an item called "Misc. Hardware", and associating it with the vendor under a blanket PO.

There is one other design flaw that we should point out here, which unfortunately does not have any fix. One of the common business rules relating to Blanket POs in general is that they allow a manager to approve a pre-determined amount for a vendor over a period of time and then avoid re-approving procurements that fall under the umbrella of the Blanket PO. In MP2, this functionality is not included; Blanket PO items must follow the same process of requisition, approval, and PO generation as any other purchase.

Blanket POs are intended for inventory items only, not for services. There is a method for creating an equivalent for services (we call these "standing POs"), which we'll explain later.

At a high level, here are the setup and execution steps for a blanket PO.

1. Create a blanket PO in the *Vendors* application.

2. Specify the blanket PO number in the *Vendors* tab of the *Inventory* application, or in the *Items Supplied* tab of the *Vendors* application.

3. Create a requisition for the items, just as you would any other requisition. Approve the requisition

4. Generate a purchase order, as you would under normal circumstances. Instead of creating a new, sequential PO number, MP2 will use the Blanket PO number, and simply increment the release number.

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Creating a New Blanket PO

1. Open a vendor in the *Vendors* application.

2. Navigate to the *Blanket POs* tab.

3. Add a new line in the *Blanket PO Information* area. Fill in all the applicable fields.

   Blanket PO Number

   Description

   Starting Date

   Ending Date

   Amount Limit

4. In either the *Items Supplied* tab of the *Vendors* application or the *Vendors* tab of the *Inventory* application, ensure that the items are associated with the vendor. If they are not, then associate them. Populate the *Blanket PO Number* field with the new Blanket Purchase Order that you just created.

Using a Blanket PO

Purchasing via a blanket PO is no different than purchasing under normal circumstances, except that MP2 will detect that the item(s) are part of a blanket PO and will generate the PO number accordingly.

Alternative: Standing POs for Services

It is often the case that a facility wants to create an open PO for a vendor over an extended period of time. Common examples are chemical delivery, utilities payments, or janitorial services.

The most efficient way to accomplish this is to create a "Standing Purchase Order". This is just a normal purchase order that is left open for a long time. By adding line items to the *Services* area of the purchase order, you can specify a fixed line cost instead of a unit cost and quantity. This fixed cost would be the anticipated total cost for the life of the purchase order. As invoices come in periodically, you can perform multiple receipts to the same line item for the exact amount of each invoice. Then at the appropriate time, you would simply close the PO as you would any other PO.

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Service Contracts

Service Contracts provide a way for MP2 to know when equipment is covered by a warranty, and to alert you when service is about to be performed on that equipment. There are a few different benefits of this. (a) it might alert you to contact the warranty provider for repair or maintenance instead of doing it yourself, (b) it might remind you to file a claim for reimbursement for repair costs due to a covered failure, or (c) it might warn you to be careful not to void the warranty while performing regular maintenance.

Service contracts can be either warranties, which are provided free with the purchase of equipment, or service agreements, which you'd probably pay for.

If you're interested in a simpler solution, we'll just point out that there is a field in the *Equipment* table that people usually don't notice called *Warranty Expiration Date*. This field can be used as a reference without invoking any other functionality.

Creating a New Service Contract

1. From the *Activities* application, navigate to *Equipment > Service Contracts*. Click the *Insert Record* button.

2. Fill in all the applicable fields.

> **Service Contract Number**
>
> **Vendor ID, Vendor Branch ID**
>
> **Starting Date**
>
> **Expiration Date**
>
> **Total Payment**
>
> **Next Due Date**

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