

Factory Fresh Freight:

Criteria for Outgoing Shipments to Customers from the Manufacturing / Fulfillment Sites

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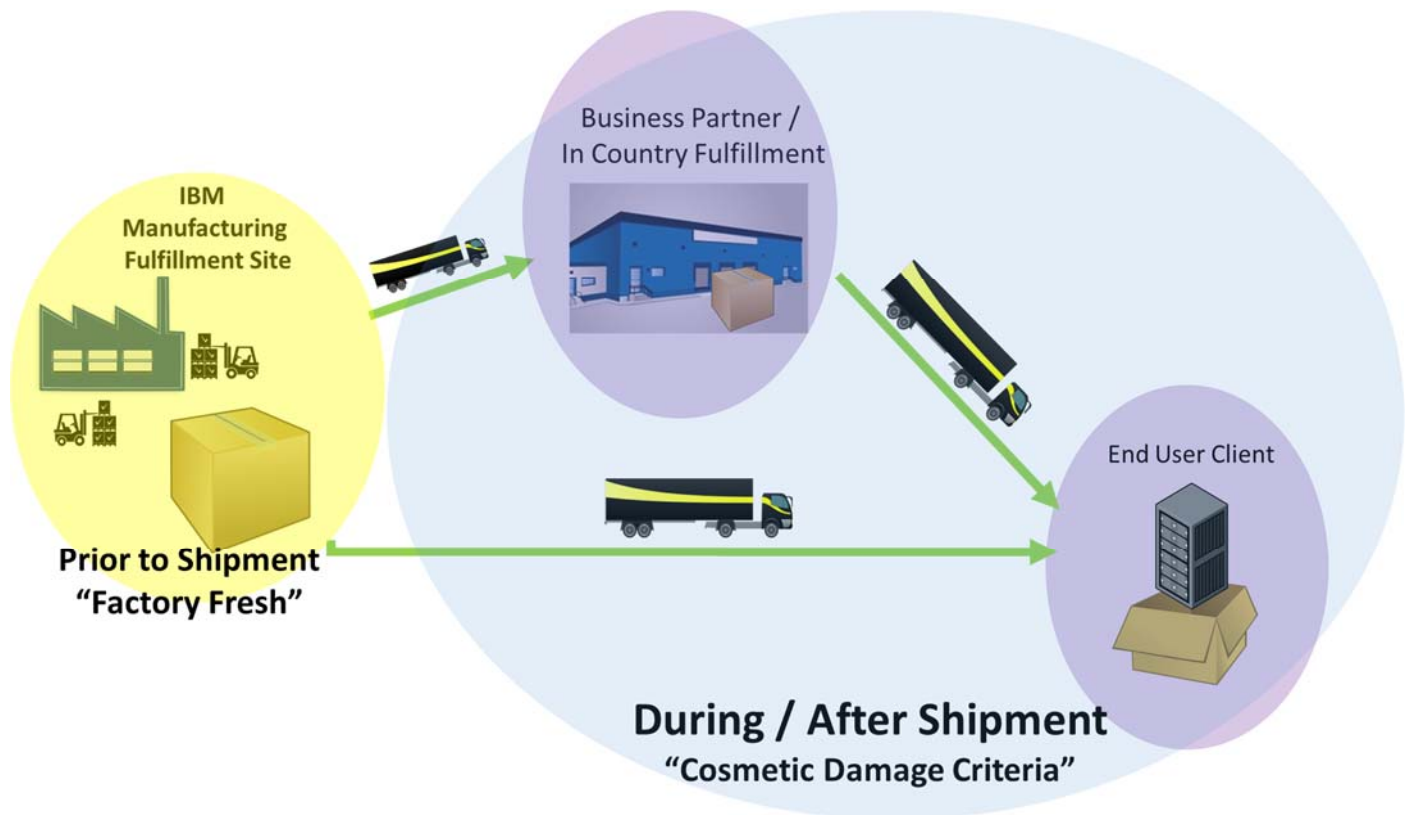
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Scope: The use of this document is for Finished Goods Products, MESs, and FRUs shipping from the IBM Plant of Manufacture, and IBM / CM fulfillment sites, hubs, and cross docks *prior to* shipment to IBM customers. It is intended to be an inspection document to ensure that products are not damaged prior to shipment to customers or Business Partners who will initiate damage or a return.

NOTE: In-country fulfillment sites, warehouses and hubs and sites that have seen a shipment from the sites listed above for final consolidation or delivery to customers or Business Partners, should use the “Packaging Damage: Guidelines for IBM, our Business Partners” document, which dictates AFTER shipment results and normal wear and tear on packaging.



Background: Transporting our products globally from the source of supply to the end customer involves many handling steps and very long distances. During this process, it is inevitable that damage may occur to the exterior packaging. Since we are dealing with sensitive and highly valued goods, customers have a tendency to reject goods based solely on physical packaged appearance, especially if they perceive any possibility that the quality of the product may have been compromised. These guidelines are intended to provide inspection criteria for the purpose of making assessments and corrective actions PRIOR to shipment to the customer.

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Packaged products will fall into one of these four (3) major categories based on this inspection:

1. Acceptable: No Action Necessary The product and its packaging are in pristine condition which is what every customer really wants. It can be shipped without repair or remediation necessary.

2. Acceptable: Minor Damage - Repair in Warehouse Necessary The product probably has not become damaged and the amount of packaging damage would not likely result in a customer concern. The package integrity is such that it can continue to protect the product in shipment to the final customer.

Action: Repair the package if possible (examples: retape, cover damage with kraft tape, re-wrap, remove extra labels, reband) but otherwise continue shipment.

3. Unacceptable: Significant Damage - Repackaging and / or Inspection of Product Necessary Any reasonable person would look at it and determine that the product MAY have become damaged. The package cannot be trusted to continue to protect the product during distribution, or may cause damage to other products.

Action: Return for quality inspection AND repackaging. (This one applies to outbound shipments to IBM customers only).

Points of Emphasis:

A. When in doubt about which category something belongs in -- interpret the problem at the next (lower on this list) condition of damage since further shipment will likely only increase the amount of physical damage. Secondly, put yourself in the shoes of the customer. Would you accept it?



B. Important: do not continue shipping items that clearly will be unacceptable to the customer. This only increases the overall cost of replacement and delays the customer's order even longer.

C. If you continue to observe consistent repeated incidences of a particular type of damage please take digital photographs and forward them to your IBM local representative and IBM WW Packaging Engineering. It is possible that there is a pervasive issue leading to the problem to which an engineered solution could be considered.

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Description	Photographic Examples
<p>The GOAL, FACTORY FRESH</p> <p>There is no physical damage. Labels are accurate and legible, no scuffing, crushing, tears, or punctures. Stacks are neat and vertical with no overhang or broken pallets.</p> <p>OUR CUSTOMERS EXPECT THIS!</p>	
<p>Acceptable</p> <p>1A. Minor Dented corner <20mm depth(Minor)</p> <p>The corner on this outer box has been dented; however, the dent is minor.</p>	

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Unacceptable:

1B. Corner Damage >20mm depth(Major)

The corner has been dented to the point where a customer will question whether the product is damaged or not.



Acceptable

2A. Minor Creases in box material due to impact or compression <10mm depth (Minor)



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<p>Acceptable</p> <p>2A (Continued). Minor Creases in box material due to impact or compression <10mm depth (Minor)</p>	
<p>Unacceptable: Return for Repacking</p> <p>2B. Compression Damage >10mm depth (Major)</p> <p>The outer container has yielded and the box will not recover in transit. Further damage will continue going forward and the box will compress more. Customers will reject this.</p>	

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Acceptable: Repair Necessary

3A. Abrasions or Torn liner of < 72mm in diameter (Non penetrating)

The exterior of the liner has been torn, however, not a complete hole. If this occurs, cover up the tear with brown kraft tape.



Unacceptable: Repackaging necessary

3B. Torn Liner of >72mm in diameter to Primary Package (Non penetrating)


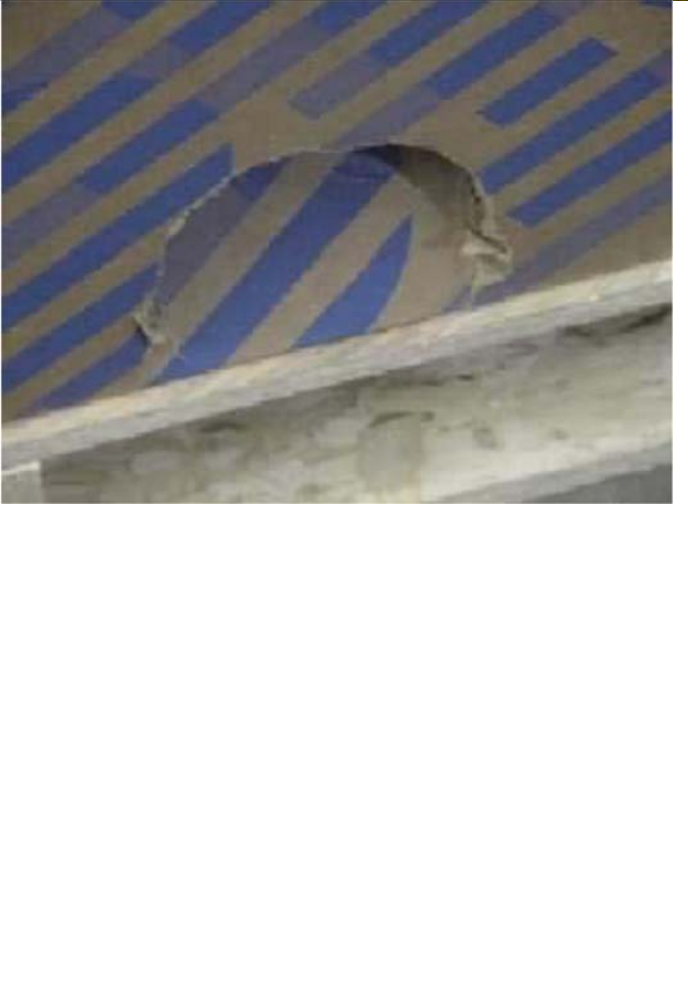
This would be too large to repair without a customer questioning the product. Replacement of the primary carton is necessary.



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<p>Acceptable: Repair Necessary</p> <p>4A. Holes / Tears or Punctures <10 mm in diameter (Penetrating)</p> <p>This small puncture is not large enough to cause problems, but will not be accepted by a customer. Repair the box by covering the hole with brown kraft tape. If there is a concern about the product inside, send back to manufacturing for inspection.</p>	
<p>Unacceptable: Return for inspection and repackaging</p> <p>4B. Holes and Tears which penetrated the inside of the carton >10mm in diameter (Penetrating)</p> <p>The product in the factory should never have a complete puncture, whether it was a forklift, or another item. The integrity of the package has been compromised, and therefore the product cannot be shipped.</p> <p>If you can see the product through the hole, send it back.</p>	

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4B (Continued). Holes and Tears which penetrated the inside of the carton >10mm in diameter (Penetrating)

The product in the factory should never have a complete puncture, whether it was a forklift, or another item. The integrity of the package has been compromised, and therefore the product cannot be shipped.

If you can see the product through the hole, send it back.



Unacceptable: Inspect product and repackage

4C. Fork Tine Damage

Fork tine damage can be very damaging to products. If fork tine damage is observed, inspection and repackaging of the product is required.



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Unacceptable: Inspect Product and Repackage

4D. Torn Panels

These punctures are such that the package integrity has been compromised, and the products inside may be damaged. Product inspection is highly recommended.



Acceptable

5A. Light Dirt (Minor)




Light dirt on the primary package is acceptable. It should be noted though that this is not an invitation to stand or step on packaging.



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<p>Unacceptable: Send back to Plant for inspection and repacking</p> <p>5B. Water Damage</p> <p>In this case, excessive water has soaked the packaging and is evidenced by the discoloration of the box and the major de-lamination of the plies of corrugated paper. It is possible that the product got wet also and therefore may have become damaged.</p>	
<p>Acceptable: Repair Necessary</p> <p>6A. Torn Hand holes (Minor)</p> <p>The hand holes should not be used for handling in manufacturing or in the Warehouses. If they are ripped, they will continue to degrade during the shipment.</p> <p>The hand hole should be taped up with kraft tape or the package should be replaced.</p>	
<p>Acceptable</p> <p>7A. Banding Creases to primary package or to Palletization items</p> <p>Typically banding at IBM should be applied using an edge board, or other palletization items. Some cutting into the primary package is OK.</p>	

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<p>Acceptable</p> <p>7A (Continued). Banding Creases to primary package or to Palletization items</p> <p>Typically banding at IBM should be applied using an edge board, or other palletization items. Some cutting into the primary package is OK.</p>	
<p>Acceptable: Repair Necessary in Warehouse</p> <p>8A. Peeling Tape or Labels (Minor)</p> <p>If labels or tape is peeling, fix with clear tape to hold together.</p>	
<p>Unacceptable: Relabeling Necessary</p> <p>9A. Illegible or Torn Labels</p> <p>Product / shipping labels that are torn, badly abraded, or damaged are difficult for customers to receive and may cause issue in transit. They should be relabeled.</p>	

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Acceptable

10A. Damaged Palletization materials

The purpose of the palletization materials (edge boards, stretch wrap, banding, etc.) is to protect the pallet load of products. If the palletization materials are damaged, but the product is not damaged, the products should not be returned.

Sloppy looking stretch wrap or banding which is clearly not doing the job anymore and is recommended to be removed and replaced for subsequent shipment.



Acceptable

11A. Minor Damage to Pallets

Pallets with minor damage, which will not affect their performance or damage other products when stacked on top or adjacent to the load, are acceptable.



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Unacceptable: Replace Pallet

11B. Pallet Damage (Major)

Damage to blocks, missing blocks, broken, cracked, or missing deckboards, separation of pallets, or overall pallet integrity questions can damage the product and others that it is packaged with on the truck.

It will also hamper efforts to move products and cause tip overs. These products should not be shipped, and the pallets need to be replaced.



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Unacceptable: Replace Pallet

11B (Continued). Pallet Damage (Major)

Damage to blocks, missing blocks, broken, cracked, or missing deckboards, separation of pallets, or overall pallet integrity questions can damage the product and others that it is packaged with on the truck.

It will also hamper efforts to move products and cause tip overs. These products should not be shipped, and the pallets need to be replaced.



13A. Acceptable

Rack Pallet Damage (Minor)

The pallet may have sustained some damage, but not to the point where the product would be unsafe to unload or transport.

In the case depicted, the pallet has only minor superficial damage, which does not affect ease of shipping or unloading the product.



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Unacceptable: Return for Repalletization

13B. Rack Pallet Damage

If the Pallet for a rack has been damaged to the point to make it difficult or unsafe to unpack or transport the product, the rack should be returned.

In the case depicted, the pallet has been damaged at the point where the ramp attaches making the product difficult to safely unload the product



Unacceptable:

14B. Overall Poor Package Quality, Excessive Wear, etc.

Packages leaving manufacturing should be overall good quality. Damage like this, even to overpacks is unacceptable, whether or not the products / packages inside are damaged.



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Acceptable

15A. Minor Damage to Crates: Scuffs, Abrasions, Wear

Wooden crates should have very minor imperfections when being shipped.

Minor damage to wood, which does not leave a hole is permissible.



Unacceptable: Repacking and Inspection of Product Necessary

15C. Damage to Wooden Crates. Smashing, holes, damaged pallets, etc.

There should not be an instant where a crate is damaged prior to shipment. If there are holes or other cleats that are damaged, it threatens the integrity of the wooden crate to protect the product.



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15C (Continued). Damage to Wooden Crates. Smashing, holes, damaged pallets, etc.

There should not be an instant where a crate is damaged prior to shipment. If there are holes or other cleats that are damaged, it threatens the integrity of the wooden crate to protect the product.



Unacceptable: Inspection of Product Necessary

15C. Tiltwatch / Tip n Tell Indicators Activation

If the tilt indicator shows a tilt event, the product should be inspected to ensure a tilt event did not occur, and the product is undamaged.

If the product is undamaged, the tilt indicator must be replaced.



End of document

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