

Glossary of Purchasing and Warehouse Inventory Terms

Standard Terminology and Definitions Relating to Purchasing and Warehouse Inventory Systems

Access Space-An aisle used to gain access to facings, slots or stacks. Accountable Stock-Materials designated for inventory and some control of issue and/or access. The responsible agent determines level of accountability.

Active Block-A uniform block after one or more elements have been removed, i.e., a block that is being worked.

Address-A number, or a combination of numbers and/or letters, used to designate a particular warehouse location facing or slot.

Administrative Code-A regulation or rule having the effect of law and promulgated by an agency to make a law specific. Such regulations are subject to Legislative approval prior to enactment.

Advice of Shipment-Notification to the purchaser that shipment has been made. Agency-A department or administrative division of a government authorized to transact certain business.

Agent-An individual authorized by an administrator or superior to perform as in public procurement.

Agreement-A bargain between parties in dealing with one another such as may be applied in procurement to define terms and performance.

Aisle-Any passageway within a storage area.

All-Or-None Bid-An invitation to bid for more than one, or a list of items or services for which a partial award would not be made.

Alternate Bid-(1) A bid offering alternative goods or services. (This type of offer may suffice when requirements may be met with various items or service. (2) A bid submitted which offers goods or services in substitution of those requested. Such an award would be considered only if the bid conditions allow and if the offer is acceptable.

Alternative Request for Proposals -A Request for Proposals inviting innovative proposals which would meet the needs of the using agency(ies).

Antitrust Legislation-Laws(s) enacted to prevent noncompetitive trade, supply monopolies or market control by a limited number of producers.

Appropriation-A Legislative designation of a budget or funding which may only be expended for a certain purpose.

Approved Brand or Equivalent Specification-A specification referencing a certain brand and model of a product that meets the quality and performances required. This type of specification may allow bidding of other manufacturer's brands which comply with the standards called for. Also, known as a "Qualified Product".

Approved Brand Specification-A specification referencing a brand and model or certain manufacturer's product. This specification does not allow equivalent brands.

Arbitration-A process to resolve a dispute between two parties by a decision presented by one or more disinterested and uninvolved parties.

Archival Quality-Paper products manufactured to withstand a specified time period retaining a required integrity of the original characteristics.

As Is-An indication or notice that the seller of goods will not be responsible for the condition or performance if the purchaser accepts them.

Assignment -A subcontract or a transfer of claims, rights or interests of goods, services or property.

Authorized Price List-A list of goods or services resulting from a contract which provides agreed upon prices and the necessary information to place orders.

Award-A notification that a bid or proposal is accepted.

Back-Door Selling-Enticements by vendors for agencies to purchase goods or services without seeking competitive offers or bidding.

Back-Order-An unfilled request for issue of warehouse stock. The term requires the generation of a purchase order for stock replenishment if not already

ordered. Back-order filling is a matter for policy statement.

Bale-Compressible articles or material assembled in a shaped unit and usually bound with cord or metal ties under tension. May be wrapped in paper or textile material or combinations thereof.

Bay-Designated area within a section of a storage area, or a shop, outlined by marking on columns, posts or floor. Usually, a specific area within a section, such as 20' x 20' squares. Best Interest of the State (or Political Subdivision)-A procurement action taken when acceptance of a superior offer is made and a definite advantage is determined.

Bid Award File-A file maintained on certain bidders or commodities to provide comparable information for future bidding or to indicate if collusion may be expected.

Bid Bond-An agreement by a third party financier that a certified amount of money is insured and payable if a bidder refuses to accept a contract.

Bid Deposit-The deposit of a specified amount submitted by a bidder to a purchaser which would be forfeited should the bidder fail to accept the contract if awarded.

Bid Opening-The timely process of opening bids made to an invitation and making them available to review for the first time.

Bid Sample-An exact example of a product offered by a bidder as a requirement. Such samples may be compared and/or tested to determine compliance with bid specifications.

Bidders List (or Vendors List)-A list of vendors maintained by a purchasing agency designating sources for certain goods and services that would be required by bid solicitation.

Bill-See Invoice.

Bill of Lading-A document by which a transportation line acknowledges receipt of freight and contracts for its movement.

Bill of Materials-A listing of materials required by a supplier to complete or produce a specified product required by an agency (as required by certain bids or a Request for Proposal).

Claim-A demand for compensation due to non-compliance, damages or injury as authorized by contract or Law.

Client Agency -A using agency benefiting by a purchase made or a contract established by a procurement administration.

Code of Ethics-A written publication of behavioral aspects required of appointed, elected or individuals under the employment of a jurisdiction. **Collusion**-An alliance between bidders or persons designed to interfere with just accomplishment of a purpose or a fair opportunity to bid.

Column-Two or more units tiered on top of one another.

Commercial Law-Law regulating Commerce and trade activities. Such Laws provide direction for purchasing personnel as well as suppliers. Reference "Uniform Commercial Code".

Commodity-Any tangible item of property purchased, leased or otherwise obtained by the State and its agencies. Includes deferred payment interest on purchase of tangible personal property and letting of publications upon contract. Commodity does not include goods/property purchased for resale.

Competitive Quotations-A purchasing method used to obtain competitive pricing for goods when the anticipated cost is less than the amount required for formal or competitive sealed bids. This method is used only for small purchasers and should be documented or recorded by written statements from the suppliers.

Competitive Sealed Bidding-A method of acquiring goods above a certain dollar amount when various sources are available. This procurement process allows for levels of quality, terms and conditions to be defined while obtaining competitive pricing.

Competitive Sealed Proposals-A method of establishing a contract for source selection by issuing a request for competitive offers whereby negotiation and changes in the offers may be allowed to secure the most advantageous and cost effective terms for the purchaser.

Confidential Information (also, Proprietary Information)-Any information conveyed to a public employee, due to position in the procurement process, by a manufacturer of firm such as, product testing or trade secret which would not be available as general knowledge.

Conflict of Interest-Interests or involvements that a public employee or a commerce representative may have which would weaken a decision process and not be fair and impartial to business negotiations.

Contaminant-A term used in the paper making or recycling meaning any undesired substances such as food, food containers, plastics, metal, ink or silicon which may degrade the end product.

Contingency-An allowance made to provide for or protect desirable conditions in the future. Such conditions that may be threatened by causes or events unforeseeable in the future.

Contract Administration-The management and monitoring of legal agreements to ascertain that the contractor's commitments to the purchasing entity are being fulfilled according to contract.

Convenience Termination Clause-A condition stated in a contract that allows the purchasing entity to cancel the agreement partly or entirely and settle any valid claims with the contractor as appropriate and according to the conditional clause.

Converter-A manufacturing firm which constructs from one usable material a product to be used for a different purpose. For example: processing sheet or roll papers to manufacture envelopes.

Cooperative Purchasing-The assessment of consumer needs between government agencies in order to centralize a procurement process. This endeavor would contribute to a reduction of administration as well as provide lower costs by volume purchasing.

Cost of Money-The amount of interest that would be earned if the dollar value of inventory were invested at the State's current investments earning rate.

Course-A single layer of units making up a unit load. Also tier.

Course Pattern- The arrangement of a group of units in a course (See uni-block multi-block pinwheel and irregular patterns).

Crate-A rigid shipping container of framed construction joined together with nails, bolts, or any equivalent method of fastening. The framework may or may not be enclosed with sheathing.

Credit Transaction-The return of a commodity to inventory from a cost center, increasing the value of inventory and restoring budget dollars to the cost

center. Only allowed for commodities that are unused and usable for the intended purpose (i.e. have not exceeded the manufacturer's recommended use date or expiration date).

Critical Stock-A commodity that must be maintained in inventory, though little used, to respond to expressed need. These commodities do not necessarily meet the criteria to be classified as emergency stock but are required to keep equipment or programs operating.

Cross Aisle-A passageway at right angles to main aisles, used for the movement of supplies, equipment and personnel.

Cross Stacking- The placing of a layer of containers at right angles to those just below to increase the stability of the stack.

Cross Tie-Cross layers of supplies as in cross stacking except that only an occasional layer is crossed and not every other one.

Crossdocking-The acquiring of commodities by a distribution center using just-in-time scheduling, so that products can be moved from the receiving area through staging, and onto a transport vehicle without ever having to be put away.

Cube Utilization-The ratio determined by counting the total cubic feet of materials stored in the warehouse and expressing this number as a percentage of the total cubic dimensions of the warehouse.

Custodian-In the sense of inventory control, the person responsible for the custody and distribution of storeroom or warehouse stock.

Customer Service Level-The minimum level of support deemed acceptable by the warehouse operations management. Includes the availability of stock items when required and in the quantity required.

Cycle Count - The systematic counting of a portion of the total inventory on a periodic basis, such that all inventory lines are counted and reconciled in the course of a complete fiscal year.

Default -Non-Compliance of a firm to provide goods or services according to contractual terms.

Defect -A regularity or non-conformity which is not allowable by specifications.

Degradable (As bio-degradable)-A product which will undergo a process of deterioration. The degrading process of bio-degradable items must be a deterioration unaided by the addition of chemicals or application of other destruction measures.

Deinking-A process of removing ink or toner from printing and writing papers in order to reprocess and recycle.

Delivery Terms-A contractual designation of location of delivery, the time of delivery and shipping costs.

Delivery Time- The time during the day and for the days of the week, during which the receiving unit will spot and unload trucks and rail cars.

Demurrage-An assessment against the shipper or consignee as a penalty for the detention of a common carrier's equipment beyond the period of free time allowed for loading or unloading.

Descriptive and/or Technical Literature-Informative product information. Designs, pictures, charts, illustrations, descriptions and technical parameters as would be necessary to evaluate the bid specification requirements.

Design Specification- A generic specification which would describe a particular configuration. A method of testing or inspection may be included.

Discount Schedule-A price listing based upon quantity selections of items. Savings realized by increased volumes.

Disposition (Surplus Property)- The disposal of goods and inventory that are in excess or longer required. Methods of transferring, trading in or selling such items are commonly used.

Dock Leveller-A hinged bridge between the dock surface and different load bed heights of vehicles. Levellers automatically adjust to different vehicle heights and the rise of vehicle springs as it is unloaded.

Drive-In Rack-A structural framework open at the front and blocked at the back by cross bracing. The shelves consist of rails connected to the uprights. Warehousing units may be placed two or more rows deep by entering the rack from the front and driving the fork lift truck between the rails. Careful consideration should be given unit clearance requirements, both vertical and horizontal.

Drive-Through Rack-Similar to drive-in rack except that the cross bracing is distributed across the top of the rack structure, thus permitting the fork lift truck to drive through the rack structure from one side to the other.

Dunnage-Any material, such as boards, planks, blocks, or metal bracing, used in transportation and in storage to support and secure supplies, to protect them from damage or for convenience in handling.

Economic Order Quantity (EOQ)-A level of quantity or inventory indicating that a re-order to replenish should be made in order to maintain or control a safe inventory.

Emergency Purchase-A purchase made when unpredictable needs must be met. This type of purchase is most often made when health, safety or conservation risks are imminent or when other imperative needs arise.

Emergency Stock-The quantity of a commodity that must be maintained on hand at all times to provide for initial response to an unplanned catastrophic event.

End-Use-Commodities delivered to a using location and no longer accountable as inventory. End-use items may also be subject to issue control at the using location.

End-Use Stores-Merchandise purchased for the exclusive use of a specific cost center which pays for the commodity on delivery to the warehouse. The material is then kept in inventory for the convenience of the purchasing cost center and is not chargeable to the inventory general ledger or any trust account.

Equal Employment Opportunity-A priority to hire disadvantaged or minority persons in the workplace.

Equal or Equivalent-Terms to indicate that similar products or other brands may be acceptable for purchase if specifications are comparable and functional requirements are proven.

Equipment Maintenance and Depreciation-Actual amount of depreciation based on acquisition cost and useful life and actual maintenance costs.

Evaluation Committee-An appointment of advisors and information examiners to assist in the determination to award a contract.

Expediting-Following up on orders placed to insure timely shipment and delivery. Requires communication with shippers and carriers on a routine basis.

Express Warranty-A promise made by the seller relating to quality, performance or other considerations which would encourage a decision to purchase.

Extension-A contract condition that provides for an option to continue the contract to a later date should additional time be needed, after the expiration date, to solicit competitive bids and establish a new contract.

Fair Market Value-A price that would be acceptable on the open market for items or property of equivalent comparison.

Field Purchase Order-A document used to order goods from a supplier for purchases limited to a certain dollar amount with purchasing authority delegated by a central procurement office.

Finger Dock-A raised loading dock set at an acute angle of 80 degrees plus, so that trucks can be either side-loaded or end-loaded in the conventional manner.

Fire Aisle-A passageway established to aid in fighting or preventing the spread of fire or for access to fire fighting equipment.

Firm Bid-A bid may that constitute a contract with a definite expiration date.

Fixed-Price Contract-A contract requiring that prices remain firm. During the term of such contracts the contractor must absorb any increases which would reduce the profit.

Fixed-Price Contract with Economic Price Adjustment-A contract which allows price increase or reductions. The price increases should be based on a periodical percentage or an allowable index stated in the contract.

Fixed Price Sale-A sale that is firm; cannot be negotiated.

Fixed Slot-A slot reserved for a specific stock keeping unit.

Floating Slot-A slot that becomes available for any stock keeping unit just as soon as it is empty.

Floor Slot-Space occupied by a column or stack in a block.

Forecasting-The systematic development of an estimated future requirement determined from past experience, usage trends, technology advances,

planned activity and any other factors deemed relevant.

Formal Advertising-A legal notification made public to advise that a government agency is requesting bids with a certain intention of purchase. Such advertising may be placed in newspapers or other publications meeting legal requirements.

Forward Procurement-Purchasing in larger volumes which exceed current needs. A method used when items may sometimes be in limited supply or unavailable; or to realize volume discounted pricing.

Fuel-Actual cost of fuel for material handling equipment and delivery vehicles.

Functional or Performance Specification-A specification which would place emphasis on describing a result or capability to be accomplished by a commodity or service. A method of inspection or testing may be included.

Goods-An purchase which does not include real estate, real property or services.

Goods Purchased For Resale-By definition implies that goods are intended to make a profit. This definition does not include raw materials purchased by an agency for conversion to a finished product with the intent to recoup cost of materials and overhead only.

Guarantee-A warranty or statement of performance assurance, quality standards or other promises related to a purchase.

Honeycombing-Condition resulting from the withdrawal of warehousing units from a uniform block, producing an active block.

Horizontal Occupancy Ratio-Ratio of exposed floor space in the occupiable space to floor space occupied by warehousing units.

Horizontal Separations-Space consumed by pallets in a column or unit clearances in racks, bins and shelves. Also space consumed by beams, rails shelves or other horizontal supports.

Identical Bid-A bid which is essentially the same as another with regard to products bid.

Ineligible Bidder-A non-responsible bidder or a supplier who has demonstrated a poor record of performance or proven to be financially unstable.

Otherwise a bidder who has been removed from the prospective vendors list for non-compliance.

Informal Bid-A telephone quotation or an unsealed pricing offer. A bid for a purchasing intention that is less than the dollar amount required for formal sealed bids.

Inspection Report-To inform a procurement entity that an examination or testing of commodities on contract has taken place. Such a report would further inform the authority of the quality or condition of such goods.

Interlocking Load Pattern-A method of arranging every other course in a unitized load to stabilize the load. Every other course is turned 90 degrees when uni-block patterns are used. Every other course is reversed using multi-block, pinwheel or irregular patterns.

Inventory-(1) The aggregate of all commodities in stock at a given time. (2) The quantity of a given commodity on hand at a point in time. (3) Also used to describe the function when the storeroom stock is counted and reconciled.

Inventory Error-(1) Net Error (net book to physical difference): expressed as dollars or percent of inventory using the sum of all inventory loss and all inventory gains. (2) Absolute error: the sum of all errors without regard to sign. May be expressed as a percentage of inventory or in dollars as appropriate.

Inventory Turnover (AKA Turnover, Turnover Rate, Stock Turn)-The mathematical determination of the number of times there has been a complete replacement of inventory stock in a year's time. Usually determined on a dollar value basis.

Invoice (Bill) -A list of charges or costs presented by a vendor to a purchaser, usually enumerating the items furnished, their unit and total costs, and a statement of the terms of the sale.

Issue-Deliver to user.

Latent Defect-A flaw, defect or condition not observable at the initial inspection but obviously occurring over a period of time.

Lead Time-Time from date of inventory review or requisition date to delivery date, usually expressed as an average.

Lease Agreement-A contract to make periodic payments for the use of a property for a certain length

of time. Such rentals may include additional variable user costs which cannot be predetermined such as cost per copy when leasing copiers.

Lease-Purchase Agreement-An agreement whereby the periodic payments may also be applied as installments toward ownership of a property if the leaser decides to assume the option to own. Such options may be stated as a purchase option or a conditional sales contract.

Legal Notice-Advertising in newspapers or other legally acceptable publications. May include public posting of an intent to award a contract.

Let Down-Handling a unitized load from its position in the stack or storage rack down to a location where partial withdrawals can be made.

Liability and Fire Insurance-Actual cost of insurance coverage for the warehouse and warehouse functions.

License-A permission granted by government to a person or to business owners to participate in a particular type of enterprise. Such enterprises which would be regulated by law.

Life Cycle Costing-The total cost of owning a property for a designated period of time. The time period is usually based upon need or the expected life of the property. This is a purchasing method that takes into account all expenses of ownership such as: Purchase price, maintenance, operating costs and remaining value at the end of ownership.

Line Item-A listing of items in a bid for which a bidder may be expected to provide separate pricing. When such itemization is required individual or separate awards may be made on certain items.

Loading Area-The surface or plane on which a course is laid. The surface may be the floor or a pallet. When the loading area used is a pallet or platform, the plane may be larger than the pallet or platform surface. For example, a pallet surface measuring 48 x 40 inches may carry a load measuring 49 x 41 inches. In this case, the loading area is considered to be the plane.

Loading Area Efficiency-The percentage of the prescribed loading area occupied by the containers in the first course.

Locator System-A record which shows the exact location of supplies within a storage activity.

Lot-A stock keeping unit that must be stored apart from other like stock keeping units. Multiple lots of the

same stock keeping unit produce excessive honeycombing of the storage space unless the lots are large. One of the hidden costs of warehousing.

Main Aisle-A passageway wide enough to permit the easy flow of equipment, supplies, and personnel; it generally runs the length of the building.

Manufacturer-One who produces a product through assembly or combination of raw materials or components. In some instances the manufacturer may not engage in the production except to control and specify the method and design of the item.

Market Place-The commerce sources which determine availability of goods and services and the costs that are derived from the rate of trade with those sources.

Materials Management-The planning of acquisition, maintaining inventory and disposition. This process is based upon scheduling according to need and anticipated usage.

Medium Lot Storage-A medium lot is generally defined as a quantity of material which will require one to three pallet stacks stored to maximum height. Thus, the term refers to relatively small lots as distinguished from definitely large or small lots.

Merit System-The system of employee promotion that is based upon an evaluation of abilities and accomplishments rather than personal favoritism or political appointment.

Mill Broke-Waste paper that is generated in the paper manufacturing process and then recycled or introduced again into the development or repulping process.

Minimum Inventory-The amount of stock on hand that has been designated as safety stock.

Minority Business-A business that is owned or controlled by a person or persons who are certified to have minority status.

Monopoly-An unfair advantage or control of the market place with regard to the trade of certain goods or services. This type of exclusive marketing advantage serves to restrict competition in that particular activity.

Multiple Award-Awarding contracts to more than one bidder for the same types of goods or similar items. This would be appropriate under circumstances when

a single contractor would not be able to adequately serve the entire area that needs to be provided for.

Multi-Block Course Pattern-An arrangement of warehousing units in which two uni-block patterns are used.

Multi-Step Competitive Bidding- A competitive purchasing method requesting that bidders submit a technical proposal as the initial process. Negotiations may take place with regard to technicalities and job completion processes. Following the first step a competitive price bid is requested. The price bid is not negotiable.

Negotiated Sale-An offer without a fixed price. The owner withholds the right to accept or reject offers.

Net Price-The remainder of the amount after any discounts have been subtracted.

No Bid-A bid reply indicating that the vendor chooses not to bid.

Non-Recyclable-A substance which cannot be introduced as usable for remanufacturable material.

Non-expendable Inventory- Any tangible items with a shelf-life or usefulness beyond one year and costing over a certain dollar amount.

Non-responsive Bid (also, unresponsive)-A bid or offer that does not comply with the requirements as stated.

Obsolescence or Obsolete-Goods that are no longer usable for their intended purpose through expiration, contamination, or change of need.

Occupiable Space-The space remaining in the warehouse for storing warehousing units after allocating space for service aisles, access aisles, and other utility space.

Occupied Space-Occupiable space actually occupied by warehousing units or other warehousing elements.

Oligopoly-Where market availability is held by a limited number of firms.

Open-End Contract-A contract in which the term or quantity is not defined.

Open Market Purchases-Purchasing without contract or negotiation. Such practice may exist in an emergency situation when a contract is not in place.

Open Storage-A condition in which all lots may be withdrawn or partial withdrawals made from lots without disturbing another lot.

Option to Renew-A contract may stipulate that the purchasing authority has the option to reinstate for another term.

Order Level-The level of stock of any item at which an order is initiated for more supplies of that item.

Order Picker-A warehouseman assigned to the function of making withdrawals of warehousing units.

Order Processing Time-The amount of time, determined by the inventory manager, needed to carry out all of the steps of issue and reconciliation of merchandise.

Order Selector-Same as order picker.

Overhang-The condition created by using a plane loading area that is larger in area than the pallet or platform surface upon which the first course is laid.

Overhead-Includes all of the factors other than direct labor and materials included in the cost of goods sold. This figure is usually expressed as a percentage of direct labor cost, a dollar amount per production unit, and several other ways.

Packaging-A preparation of a commodity for distribution or bulk packing in quantities suitable for filling a carton with a prescribed number of units.

Packing List-A document that itemizes in detail the contents of a particular package or shipment.

Pallet-A rectangular support for unitized lots. Subject to standards of length and width for storage in predetermined places. Construction is such that there is air space between the bottom of the pallet and the load bearing surface of the pallet sufficient to allow the insertion of lifting forks of a pallet truck or forklift. Pallets may be constructed of wood, steel, plastic, rigid paperboard, or aluminum; and may be subject to demurrage charges or disposed of as scrap. In some cases carriers will require equal exchange of serviceable pallets.

Partnership-An agreement between parties to operate a business with stipulations regarding the sharing of profits and losses.

Patent-A right given to an inventor to manufacture and market an invention for a specified period of time. A government patent office grants such authorizations.

Penalty-A charge against a contractor for non-compliance that if not paid within a certain period of time would result in default of contract. A clause stating this condition must be included in the contract if this action is exercised.

Performance Bond-A guarantee submitted by a contractor, certifying that if the contractor is unable to fulfill the obligation the amount will be paid to the purchaser to compensate any loss.

Performance Record-A documentation of the contractor's ability to comply with the requirements of a contract during the term.

Performance Specifications-This type of specification places emphasis on describing a capability or result to be accomplished with a commodity or service. A testing or inspection may be included.

Perishable Commodities-Commodities that have a short shelf-life and may be expected to spoil if not placed in direct use.

Pick Line-An arrangement of SKUs in some orderly system to facilitate selecting or picking warehousing units to satisfy orders.

Planography-A scale drawing of a storage area showing the approved layout of the area, location of bulk bin, rack and box pallet areas, aisles, assembly areas, walls, doorways, directions of storage, office space, washrooms, and other support and operational areas.

Political Subdivision-Cities, counties, towns or any division of government within a state which is below the state level, but with delegated authority to function as a local government.

Post-Consumer Materials-Any goods that have been expended by the consumer and directed to a recycling process rather than to a landfill or solid waste depository.

Pre-Bid Conference-A meeting to clarify an invitation to bid that has been issued.

Pre-Solicitation Conference-A meeting with prospective bidders to obtain information for bidding and invite recommendations.

Price Agreement-A price decided upon between the purchaser and the vendor(s). **Price Competition**-A contract that is awarded solely upon price consideration.

Price Fixing-A collusion among vendors to market a commodity or certain goods at the same price, thereby restricting competition.

Price Maintenance-The regulation of a base price that may not be undersold by supplier or manufacturer.

Price Protection-An agreement between the buyer and the seller to furnish goods at a predetermined price without increase for the term of the contract. An agreed upon index of periodical increases may be included in such contracts.

Price Schedule-A negotiated or predetermined listing of commodities for a certain price.

Principal-One who designates another to act on her or his behalf. The designee would be controlled by the principal.

Privatization-The redirection by a government of a program or government function to be carried on by a private organization.

Procurement Cycle-The entire cycle of purchasing functions and duties which occur during acquisition of commodities.

Procurement Officer-A person who is authorized to enact and administer contracts and issue determinations in that regard.

Proposal Evaluating Criteria-Facts and information such as: Management capabilities, performance plans and technical proficiencies. These factors may be weighted or given a numerical value.

Proprietary Commodity-A commodity for which the manufacturer and/or supplier has been granted an exclusive right to market.

Protest-A registered complaint, made by a bidder or interested party, with regard to a bid decision made by the purchaser for which a remedy or resolution is expected.

Publication Commodity-Public printing added to storeroom stock and not yet charged to a cost center.

Punitive Action-An action taken against a contractor, according to contract stipulation, for non-compliance of commodities supplied or performance rendered.

Quality Assurance-A program planned to provide that goods purchased may be inspected and/or tested so that compliance with specifications may be determined.

Quality Control-A monitoring of a manufacturing process that determines the level of quality of the goods to be supplied.

Quarantine Stock-Stock being withheld from normal distribution due to product recall, inadequate documentation, contamination or other good reason.

Rack-Wood or metal framework upon which units or unitized loads are placed.

Rack Slot-The position occupied by a warehousing unit in the rack. The slot may be one or more units high, or one or more units deep. Rack slots may be fixed or floating. Fixed slots are usually located at the first and second level. Using modern stock picking lift trucks, all slots can be fixed slots. The advantage of the stock picker is that you can substitute moving up and down for travel distance, a fact that is often overlooked in evaluating stock picking trucks.

Rack Unit Clearance-Space allowed for handling clearance between warehousing units stored on a shelf in a shelf rack, between the warehousing unit and the up rights or on either side of the warehousing unit and the uprights in a drive-in or drive-through rack.

Receiving Report-A form used by the receiving unit to inform others of the receipt of goods purchased.

Rectangular Pinwheel Course Pattern - An arrangement of warehousing units in which two pair of uni-block patterns are arranged in an unbalanced pinwheel.

Recyclable Materials-Goods that may be collected for reuse as material to manufacture new products. Rent-Actual rental cost for space used for warehouse and inventory control functions including office space. For owned buildings a fair market rental value or depreciation should be used.

Reorder Point-The level of inventory of a given commodity at which a purchase requisition is initiated. It is a combination of expected usage during the lead time period plus a safety stock.

Reorder Quantity-The number of units, determined by logical factors, scheduled for reorder when the reorder point is reached.

Requisition-Internal document by which a using agency requests the procurement office to initiate a purchase. May also be a form used to obtain supplies from a storeroom or warehouse.

Resolution-To arrive at an appropriate disposition of a complaint or protest through administrative action.

Responsible Bidder-A bidder who is known to have the necessary capabilities and assets to perform and provide all requirements of an intended contract.

Responsive Bidder-A bidder who tenders a bid which meets all requirements of the invitation to bid.

Restrictive Specification-A specification that makes requirements for technical aspects of a commodity which eliminates competitive or generic bidding.

Re-warehousing-The practice of rehandling lots already in storage in order to make room or consolidate lots. Re-warehousing is a continuous process that involves handling due to the manner in which withdrawals are made from lots. Re-warehousing also occurs in making letdowns from the upper rack tiers or stacks to facilitate making withdrawals. One of the major hidden costs in re-warehousing.

Rolling Average Inventory-An average inventory count or value based on the immediate past 12 month period. Rows-Two or more columns beside one another.

Rule-A policy statement or regulation which may be issued, with appropriate authority, by an administrative government agency to interpret or clarify a statute.

Safety Stock-The level of stock, over and above the expected usage between the time a replenishment order is processed and replenishment actually occurs, that is held in reserve to try to prevent stock-out, should there be a delay in delivery of stock by the vendor.

Salvage-Property or equipment which has served the useful life, but still has value as a source for parts or scrap.

Scheduled Purchases-A regulated bidding to be carried out at pre-determined intervals to coincide with the volume acquisition needs of user agencies.

Scrap-Commodities that are deemed worthless to the owner and are only valuable to the extent they can be recycled.

Sealed Bid-A bid submitted as a sealed document, by a prescribed time. The contents of the bid will not be known to others prior to the opening of all bids.

Selection Line-(See Pick Line)

Service Aisle-An aisle used to reach access aisles. Service aisles may also be used to gain access to storage lots. Utilizing the service aisle to gain facings or slots is often overlooked in making layouts.

Shelves-Board fixed horizontally and supported by a frame or uprights. May be of metal or wood. Shelves may be fixed or adjustable. Used for small stores.

Shrinkage-Back door losses and losses by issue error.

Slot-The position in a block occupied by a lot.

Small Lot Storage-A small lot is generally considered to be a quantity of less than one pallet stack stacked to maximum storage height. Thus, the term refers to a lot consisting of from one container to two or more pallet loads, but is not sufficient quantity to form a complete pallet column.

Sole Source-A purchase made without issuance of competitive bids for a commodity that is known to be available from only one source.

Spot-The placing of a truck or boxcar where it is required for loading or unloading. Square Pinwheel Course Pattern-An arrangement of warehousing units in which four, uni block like patterns are arranged in a pinwheel. **Stack**-Two or more columns in back of one another.

Stacking Efficiency-A ratio expressed as a percentage of the potential stacking height used by the warehousing units in the stack after making all deductions for pallets or other horizontal separation.

Stacking Height-Same as Working Head Room.

Standard-Performance levels and characteristics that have been determined as a general expectation for a given commodity.

Standard Pallet Rack-The term used to designate the one-deep shelf type rack. Originally designed for pallets but also used for shelf storage of large units,

usually, one or two of a kind. The rack consists of uprights and beams and may be bolted or adjustable. Great care should be exercised in loading racks to avoid overloading. Such racks should be secured to the floor or rows positioned back to back and secured to each other with spacer bars or spacer rods. Beams are usually designed to accept dunnage or cross bracing to prevent loads from falling between the beams.

State Use Laws-Laws that are enacted in many states requiring state agencies to purchase from prison industries and physically disadvantaged work organizations.

Stock-The commodity or commodities on hand in a storeroom or warehouse to support operations.

Stock Control-Determining the usage rate of an inventory and controlling the level of ordering and inventory accordingly.

Stock Keeping Unit-A warehousing item (SKU) that must be stored and accounted for separately. A single stockkeeping unit may have to be stored in different lots for the purpose of quality control, maintaining stock rotation, isolation or quarantine. It may also be necessary to split stock between reserve storage and pick-line when the entire stock cannot be maintained in the pick-line.

Stock-out- The condition existing when a supply requisition cannot be filled from stock. Stock-out Rate- The number of stock-outs per hundred line items picked.

Storeroom-A secure place for storage of things. A storeroom may be a designated separate secure area within a warehouse or a designated storage room in a workplace and may contain warehouse stock or end-use items.

Supplies-All items that are consumable. Generally, these would be commodities with a shorter life while in use than items that would remain in inventory after issuance or assignment for use.

Supply Requisition-A form used by a cost center to request the issue of a commodity or commodities carried in storeroom stock.

Surplus-Commodities that are not returnable to the vendor for credit, but are useful for some purpose and are excess or obsolete for the cost center owning the goods.

Suspension-No longer qualified as a prospective bidder and may be removed from the list of vendors to receive bids.

Tier-A single layer of units forming part of a unit load, column, stack row or block.

Term Contracting-Establishing a source from which to acquire goods or services for a specific period of time.

Testing (Commodities)-To perform a laboratory analysis of products purchased from a contract to determine if the quality and performance agreed to by the contractor remains in compliance.

Trademark-A symbol, initialing, lettering, etc., which has been adopted as a positive identification of a supplier. A trademark, to be valid, must be properly registered with legal rights assigned to only one user.

Turnaround Time-The length of time for completing a process usually expressed as an average but can be determined for individual items (i.e. time from placing requisition to issue of goods or time from requisition to issuance of a P.O.).

Underhang-The condition resulting from laying a course with smaller dimensions of length and/or width than the dimensions of the pallet or platform on which the course is laid.

Uni-block Course Pattern-An arrangement of warehousing units in which all lengths are laid in one direction.

Uniform Block-Any uniform combination of warehouse elements, i.e., units, tiers, rows, stacks, columns, bins, shelves or racks.

Unit Clearance-Space allowed for handling clearance between columns or stacks, or between tiers in racks, shelves or bins.

Unit Load Pattern-The arrangement of the courses in a unitized load.

Utilities-Actual electricity, telephone, etc., costs directly incurred by the warehouse.

Utility-A value established for commodities or services when amounts, quality and costs are determined.

Value- The exchange worth rate for goods and services on the open market. Value Analysis- The analytical evaluation of a purchase, whereby the total

cost of purchasing, maintaining and using the procurement is determined for throughout the useful life.

Vendor File-A file maintained that lists vendors. The file should contain all information pertinent to the vendor, i.e., application information, commodities supplied and performance record.

Vertical Occupancy Ratio-Ratio of occupancy in the occupiable space measured by counting the warehousing units in an active block and comparing this count with the capacity of its corresponding uniform block.

Vertical Separations-Space consumed by unit clearance between columns, stacks, posts, walls or other warehousing elements.

Void-Honeycomb in a unitized load caused by failure to utilize the loading area at 100 percent efficiency.

Waiver of Bids-A purchasing method, whereby the bidding process is omitted and goods are purchased from available sources. Government agencies must be duly authorized by law (or rule) to make this type of purchase.

Waiver of Irregularity-Noting, but disregarding noncompliance within a bid which may be due to error. Such waiver or disregard must not unfairly affect the competitive process.

Warehouse-(1) A structure designated for storage of things. (2) Used as a verb indicates the act of storing things, as in, "We will warehouse these electrical supplies".

Warehouse Requisition-A request from the warehouse to Purchasing to initiate a purchase order to restock one or more commodities.

Warehouse Security-The combined total effort to exclude intrusion into a warehouse by unauthorized persons, destructive pests, and other events beyond man's control (i.e. windstorm, lightning, and flood). Includes records keeping, access control, building design, and maintenance and housekeeping functions.

Warehousing Unit-This may be a single large package handled as a unit load or a group of packages palletized on a pallet or otherwise unitized.

Waste-Materials no longer suitable for their intended or any other purpose.

Working Clearance-The space allowed between the top of a stack or column and the lowest overhead obstruction. For example, ceiling joists, beams, sprinkler heads, steam pipes, etc. This allowance will vary depending upon local fire codes.

Working Headroom-The distance as measured from the floor to a point twelve inches or more below the lowest overhead obstructions. Working headroom is usually controlled to avoid coming into contact with overhead obstructions in the storage area and to maintain the unit clearances required by local fire regulations or ordinances.

Zone Contracting-The award of contracts according to district or region designation. This type of award issuance is generally applied when the potential for service by a single vendor to an entire area