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PROCUREMENT PROCESS GUIDELINE 10-3-16

This document is intended to define the process we generally follow with respect to Commercial projects. We want to insure our customer's success. That means being proactive, having an efficient process and facilitating clear and timely communications. By defining our approach to projects clearly and communicating it to our customers up front we create the foundation for building lasting and mutually beneficial relationships. This begins with the understanding that we are a window manufacturer. We endeavor to build high quality windows that meet the highest performance standards. We stand behind that commitment. Our history is the best evidence of that. We also offer expert technical support as a courtesy to our customers and as a means to building strong relationships. However we are NOT architects, installers, building envelop consultants, historical consultants or structural engineers. We do have expertise in those disciplines and can help but do not take responsibility for issues related to those areas better served by others.

- **Quotations** – Our quotations spell out clearly what we intend to provide and include language encouraging our customer to review for omissions or deviations from what they want supplied. Requests for a quotation are not always clear including many specifications which can sometimes be contradictory in their content. It is the responsibility of the customer to review carefully and ask for clarity or request changes to insure the quote covers the requirements of their project. Quotations have a clear time limit of 30 days. Our costs change monthly so this is a necessary precaution.
- **Letter of Intent (LOI)** – This is a standard practice. It is issued to alert us that the project has been committed to us and a purchase order and contract (see below) is pending. Material will not be ordered for the project based on a LOI. Some preparation can take place such as preparing for the purchase of materials and some work relating to the completion of shop drawings.
- **Shop Drawings (Development, Approvals, Field Verified Dimensions)** – As soon as we are in a position to begin shop drawings we first should obtain the pertinent architectural drawings in DWG CAD format so the development of the shop drawings can be as efficient and expedient as possible. We should be able to produce shop drawings (first draft) in approximately 2 weeks. The drawings are then sent to our customer and on to the party or parties authorized and responsible to review, edit and **approve**. Drawings that require edits and another review prior to approval should be edited and returned within 2 week of receipt. All edits must be clearly documented on the drawings in the revision section and the revision number and dates updated each time they occur. Any edits outlined by the reviewer(s) must be done to the shop drawings so the final set will be an accurate representation of what is being accepted. This final set must also incorporate the field verified dimensions. **We must have a signed Contract (see below), signed approval of the shop drawings and also a signed document with the field verified dimensions from the contractor** prior to the start of manufacturing product.
- **Purchase Order** - Approved shop drawings with a purchase order, a signed Contract and receipt of down payment will trigger the process of ordering materials. Purchase orders **must reference the correct quotation** received from Diamond. The purchase order must contain enough detail to be clear on what is being purchased, price and agreed payment terms. Windows don't get built without this documentation completed. **A purchase order is part of the process but is NOT a substitute for a signed Contract in a form acceptable to Diamond (see below).**
- **Payment Terms & Means** – Payment terms are based on how credit worthy the payer is. We require a down payment which is normally 20% of the total project cost upon signing the Diamond Contract. The amount of the required down payment may also be affected by project size and the custom nature of the project. Invoicing of finished product is immediately following shipment for the finished goods being delivered. Terms are 30 days. Other arrangements such as advanced stored materials payments, joint check agreements or other options may be required by Diamond based on project specific details, review and approval by Diamond and those mutually agreed upon by the parties involved.
- **Contracts** – We are a "material only supplier". Our contract with our customer is normally based on our Standard Form which references a detailed quotation. The Standard Form Diamond Contract ("Material Purchase Agreement") designed for this purpose is provided as a sample.
- **Project Timelines/Lead Times** – Prior to release of a project there are always several conversations regarding lead-time. Answers to such questions prior to release of a project are estimates at best since our lead-times are dependent on our then level of production activity and our vendor lead-times at the time of fabrication, which do fluctuate regularly. Once we have approved shop drawings with a purchase order, signed Contract and down payment, Diamond will make best efforts to provide a delivery schedule within 2 weeks. Input from the customer on installation schedule requirements and sequence will be needed up front to complete the delivery schedule.