DEMO EQUIPMENT CONTROL PLAN

**1.0 PURPOSE AND SCOPE**

The purpose of this document is to provide a guideline for the control of demonstration (demo) equipment. This document details the control of demo equipment from the evaluation of the need to acquire to the final sale of the demo inventory.

**2.0 AFFECTED DEPARTMENTS**

Sales

Engineering

Logistics

Production

**3.0 REFERENCE DOCUMENTS**

D0001.1044 Shipping

D0001.1044-2 Shipping Request form

D0001.0005 Warranty Policy

D0001.1152-1 Internal Equipment Purchase Order

**4.0 RESPONSIBILITIES & AUTHORITY**

**4.1 Sales**

The Sales Manager is responsible for control of the demo products.

* The Modal Shop Rental group (TMS) is responsible for the overall control of demo equipment including inventory and the tracking of loaned equipment.
* The Sales Manager is responsible for the acquisition of demo equipment.
* Sales provides technical support.
* Sales management is responsible for pricing demo equipment when sold.
* TMS:

1. Maintains a list of the demo equipment that is available for sale.
2. Has the responsibility to assure that the demo equipment is maintained in a useful state, e.g. current calibration and certifications.
3. Creates a service order for the demo equipment that needs a repair or calibration; and sends the equipment to the factory.

**4.2 Production**

Production performs the necessary calibrations and certifications (two year due dates) prior to the sale of demo equipment. Production also provides service repair work on any demo equipment needing repairs.

**4.3 Logistics**

Logistics is responsible for receiving into inventory equipment that is being returned to inventory for re-sale.

**5.0 DEFINITIONS**

**Demonstration (Demo) Equipment** - instruments and accessories owned by LD to be used in sales presentations to potential customers or as technical support equipment. This also includes all instruments loaned to potential customers for trial prior to purchasing the instrument.

**Domestic Personnel** - all sales people involved in the sale of LD products in the United States of America.

**LD** - Larson Davis a division of PCB Piezotronics, Inc.

**VAR** – Value Added Re-seller

**TMS –** The Modal Shop

**6.0 SAFETY PRECAUTIONS—N/A**

**7.0 EQUIPMENT & MATERIALS**

Basic office equipment and supplies

**8.0** **INSTRUCTIONS**

* 1. **General**
* Larson Davis owns and provides demo equipment for domestic sales personnel; and some company owned international sales offices. Demo equipment is sold at cost to MTS companies. The amount of demo equipment needed depends on sales levels and demand expressed by the sales personnel compared to the usage of demo equipment in the demo pool.
* Demo equipment is expensed to Sales at the time of receipt. Credit is given to Sales when the equipment is returned to inventory for sale.
* International representatives and distributors generally purchase their own demo equipment at an additional discount from international discount prices. This discount is only granted once a year on each type of product purchased unless the Sales Management gives approval for the discount on additional purchases.
* Firmware options on demo equipment for international distributors is free of charge for until they sell the equipment. The options purchased by the end user at the time of sale will be billed to the distributor. The distributor may send the equipment in for a free calibration prior to sale.
* VARs, private label and other resellers may purchase demo equipment at negotiated pricing.
* LD reps and customers are responsible for the demo equipment that is in their possession. This includes losses due to damage, fire, acts of God, etc. Demo equipment that is not returned to LD may be charged at list price.

**8.2 Demo Equipment Purchase**

It is the responsibility of the Sales Manager to assure that there is sufficient equipment to meet the needs of customers and domestic representatives (reps). Upon recommendation from the sales staff and reps demo equipment is obtained in the following manner::

* TMS checks to determine if the desired equipment is already available in the demo inventory.
* Sales Management or sales staff completes the Internal Equipment Purchase Order form for the desired equipment if needed.
* Obtain approvals.
* Send the order request to the factory

1. Send the original “Internal Equipment Purchase Order” form (D0001.1152-1) to production.
2. The actual cost of the equipment is charged to the Sales demo expense account at the time of shipment to Sales.

* Production produces the equipment and ships it to an end user as instructed by Sales.
* The Internal Equipment Purchase Order form is sent to the document control clerk for recording the equipment in the LD Database.

**8.3 Demo Equipment for Customer Trial**

Demo equipment is loaned to representatives and customers according to the following guidelines.

* Receive call, email, fax, etc. from representative or customer.
* Refer customer/representative to Technical Support (AE), or other qualified sales person.
* Sales determines the equipment that is best suited for the customer’s application.

1. Check with the TMS rental group to determine the availability of desired products.
2. If the desired demo equipment is not available, check with Sales Management to determine whether the internal purchase of demo equipment is necessary. Fill out the Internal Equipment Purchase Order form when additional equipment is needed and approved. (ref section 8.2)
3. Determine the time period needed for equipment evaluation and determine a return date for the equipment. Generally 30 days or less is appropriate.

* Schedule the shipment through TMS rental group.
* TMS rental group will schedule and follow up on the return of the equipment.

**8.4 Demo Equipment Sale**

* All equipment in the demo pool is available for sale. It is recommended that demo equipment be sold between years one and three from the manufacture date.
* Pricing of demo equipment is determined by Sales Management in accordance with, but not solely dependent on, the following guidelines:

1. Demo equipment to be sold at a discount off list price relative to the manufacture date:
   * <1 year old = 5 -10% discount
   * 1 – 2 years old = 10-20% discount
   * 2 – 3 years old = 20-25% discount
   * 3 – 4 years old = 25-30% discount
   * 4 – 5 years old = 30-35% discount
   * >5 years old = 35-45% discount
2. Additional discounts for international reps are part of the advertised sales price. Additional international discounts require approval by the Sales Manager.

* Warranty for demo products sold is outlined in the Larson Davis Warranty Policy (D0001.0005).
* The following procedure is followed when selling demo equipment:

1. Sales Management prepares a demo equipment sales list with proposed pricing.
2. The equipment is advertised and the information made available to reps and customers.
3. Quote as usual.

* Make the following Log Notes:
  1. Sale of demo equipment with serial numbers
  2. Any additional discounts from the published sales price
  3. Any warranty changes per the Warranty Policy
  4. The representative’s commission (if different than standard commission)
* In “Line Notes” indicate that the sale is for demo product and also include any warranty change from the Larson Davis’ standard warranty per the requirements of the Warranty Policy.
* Enter the order as usual.
  1. Add the serial numbers to the Line Notes
* Deliver the sale items and applicable accessories to the Logistics Manager.
* Logistics will receive the items into inventory.
* Production tracks the costs of certification and any repair work that may be needed prior to the sale of the equipment through its monthly demo jobs.
* Equipment is shipped to the customer.

**9.0 INSPECTION**

TMS rental group inspects the equipment prior to it being loaned to a customer or rep and then repeats the inspection process when the equipment is returned.

**10.0 RECORDS**

The completed Internal Equipment Purchase Order forms are kept on file with the document control clerk.

**11.0 DISTRIBUTION**

Employees involved in Sales, Engineering, Logistics, Production.

**12.0 ATTACHMENTS**

None

**13.0 REVISION HISTORY**

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| --- | --- | --- | --- | --- |
| **DCO #** | **REV** | **DATE** | **INITIALS** | **CHANGES MADE** |
|  | A | 3/23/2003 | TPG |  |
| 1108 | B | 6/2/08 | DAR | Update to current practice |
| 1355 | C | 11/23/11 | DAR | Update to current practice |
| 1929 | D | 11/11/19 | DAR | Update to current management practices with TMS rental group controlling the daily shipment and management of the demo pool equipment. |
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