Change Order Approval Workflow

1.0 Policy Objective & Scope

The objective of this policy is to establish a standardized workflow for the submission, review, approval, and implementation of change orders affecting engineering drawings, bill of materials, or production processes. This ensures all modifications are properly vetted for technical feasibility, cost impact, and schedule disruption before being released to the shop floor.

This policy applies to all Engineering, Production, Purchasing, and Project Management personnel involved in initiating or processing change orders for custom cabinet and millwork projects. It covers changes requested by clients, internal teams, or suppliers.

2.0 Roles & Responsibilities

- Initiator (Engineer, Project Manager, or Production Supervisor): Submits the change order request with complete documentation and justification.
- **Engineering Manager:** Reviews technical merit, approves or rejects the change, and assigns priority level.
- **Production Manager:** Assesses impact on current schedule and labor capacity.
- **Purchasing Manager:** Evaluates material availability, cost changes, and supplier lead times.
- **Project Manager:** Communicates change to client if required and updates project budget and timeline.
- **Quality Assurance Lead:** Verifies that revised drawings and BOMs meet company standards before release.

3.0 Core Rules & Guidelines

- All change orders must be submitted using the official Change Order Form (COF) in ShopDocs; verbal or email-only requests are not permitted.
- Each change order must include a unique identifier following the format: CO-YYYYMMDD-XXX (e.g., CO-20260704-001).
- **Priority levels are defined as:** Critical (safety or structural issue, stop production), High (client-required change affecting schedule), Medium (optimization or minor revision), Low (cosmetic or future improvement).
- No change order may be implemented without signed approval from the Engineering Manager and the Production Manager.
- Any change order that impacts cost or schedule by more than 5% must also be approved by the Project Manager and the client.
- All approved change orders must be closed within 10 business days of implementation.

4.0 Step-by-Step Workflow

1. Initiator identifies the need for a change and completes the Change Order Form in ShopDocs, including a clear description, reason for change, affected drawings/BOMs, and any supporting documentation.

2. Initiator submits the form, which automatically generates a unique CO number and routes the request to the Engineering Manager for initial review.

3. Engineering Manager reviews the technical validity of the change within 1 business day, assigns a priority level, and either approves for further review or rejects with written justification.

4. If approved, the Engineering Manager forwards the change order to the Production Manager and Purchasing Manager for parallel impact assessments.

5. Production Manager evaluates the effect on current production schedule, labor requirements, and any need to halt or rework in-progress items, and documents findings in the COF.

6. Purchasing Manager assesses material availability, cost variance, and supplier lead time changes, and records the updated cost impact in the COF.

7. If the total cost or schedule impact exceeds 5%, the Project Manager reviews the change order, consults with the client if necessary, and obtains client approval in writing.

8. Once all assessments are complete, the Engineering Manager makes the final approval decision. If approved, the change order status is updated to 'Approved for Implementation'.

9. Engineering updates the affected CAD drawings, BOMs, and CNC files per the approved change, and the Quality Assurance Lead verifies the revisions against the change order requirements.

10. Updated documents are released to ShopDocs and the ERP system, and a notification is sent to all relevant production and procurement teams.

11. Production implements the change on the shop floor, marking any reworked or replaced components with the CO number for traceability.

12. Within 5 business days of implementation, the Initiator closes the change order in ShopDocs, attaching final documentation and confirming that all affected records have been updated.

5.0 Documentation & Compliance

All change order records, including the completed COF, supporting documents, approval signatures, and updated drawings/BOMs, must be stored in the master project folder within ShopDocs. A summary record must also be entered into the ERP system for cost and schedule tracking.

Compliance is audited quarterly by the Engineering Manager and Quality Assurance Lead. The audit reviews a random sample of closed change orders to ensure all steps were followed, approvals were obtained, and documentation is complete. Any non-compliance is reported to the Operations Director for corrective action.