



*State of North Carolina
Department of Public Safety
Prisons*

Chapter: N
Section: .0400
Title: **NCCE – Product Pricing**
Issue Date: 07/07/2021
Supersedes: None – new policy

Policy and Procedures

References 2nd Edition Standards for Correctional Industries

Industries Related ACA Standards: 2-CI-6E-6

.0401 GENERAL

Working within the North Carolina Department of Public Safety as a section of Prisons, Correction Enterprises provides the state's incarcerated individuals technical and soft-skill training and opportunities to learn job skills through the manufacturing of products and services for the Department of Public Safety, state agencies, non-profit organizations, and other tax-supported entities in an environment that mirrors the public sector.

.0402 PURPOSE

The purpose of this policy is to establish practices governing the pricing of North Carolina Correction Enterprises (NCCE) products.

.0403 SCOPE

This policy governs the production facilities of Correction Enterprises.

.0404 DEFINITIONS

- (a) Raw Material – Crude or processed material that can be converted by manufacture, processing, or combination into a new and useful product.
- (b) Overhead – The indirect costs or fixed expenses of operating a business that range from equipment costs, utilities, rent, administrative costs, etc.
- (c) Profit Margin – The amount by which revenue from sales exceeds costs in a business.
- (d) Discount – A deduction from the usual cost of something.
- (e) Product Reviews – An internal retrospective to analyze a product's performance. Review costs and profit margins to ensure adequate pricing.

- (f) New Products – Goods and services that differ significantly in their characteristics or intended uses from products previously produced by the firm.

.0405 OPERATIONS/PROCEDURES

This policy will be used for all new products sold by Correction Enterprises and to review current pricing structures for existing products.

(a) Pricing Procedures (2-CI-6E-6)

Each plant manager or designee will be responsible for adhering to the following process when establishing product pricing:

- (1) List each raw material used in the production of each good to be sold. (This should include all packaging, labeling, and binding of each product.)
- (2) List equipment operation costs associated with the product.
- (3) Add plant overhead percentage.
- (4) Add lines one through three to determine the plant manufacturing cost.
- (5) Add mark-up percentage to manufacturing costs to determine the sell price.

(b) Pricing Review and Approval

- (1) Once the sell price is determined, all support documentation will be submitted to the industry's General Manager (GM) for review and approval. This information will be documented on two different forms. See Appendix A (New Product Add Form) & Appendix B (Excel Spread Sheet).
- (2) The GM will forward all support documentation with preliminary approval to the NCCE Deputy Director for final approval.
- (3) The GM will be responsible for forwarding the documentation to NCCE IT to be posted into BIDS and the NCCE product website.
- (4) Unit costs will be reviewed annually at the close of each fiscal year by the Plant Manager or Designee. Any pricing adjustments will follow the same guidelines as listed above for final approval.

(c) Product Review

- (1) Product reviews will be conducted annually at the close of each fiscal year by the Plant Manager or Designee.

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- (2) Product reviews will determine the continuation of product manufacturing based upon:
 - (A) Product performance
 - (B) Obsolescence
 - (C) Customer demand
 - (3) Support documentation must accompany all recommendations to discontinue a product in the form of the product's performance over the past 12 months. Documentation will be submitted to the industry's General Manager for preliminary review.
 - (4) The GM will review and forward to the NCCE Deputy Director for final determination.
 - (5) Once a final determination is made, the GM is responsible for submitting the appropriate paperwork to NCCE IT to deactivate the product's SKU number and to remove the product from the NCCE Website.
- (d) Product Discounting
- (1) The following guidelines are required to request discounts on NCCE products:
 - (A) A request for a product discount requires written justification submitted to the NCCE Director or NCCE Deputy Director for approval.
 - (B) The product cost sheet must accompany this request when submitted for approval.
 - (C) Only the NCCE Director or NCCE Deputy Director will be authorized to discount any product sold by Correction Enterprises. There will be no exceptions.
- (e) New Products
- Each plant manager or designee will be responsible for adhering to the following process when requesting a new product:
- (1) List each raw material used in the production of each good to be sold. (This should include all packaging, labeling, and binding of each product.)
 - (2) List equipment operation costs associated with the product.
 - (3) Add plant overhead percentage.

(4) Add lines one through three to determine the plant manufacturing cost.

(5) Add mark-up percentage to manufacturing costs to determine the sell price.

A written justification outlining the need for a new product will be submitted to the GM with a product cost sheet for preliminary approval. The GM will submit the request to the NCCE Deputy Director for review and determination.



Commissioner of Prisons

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July 7, 2021

Date

APPENDIX A

CORRECTION ENTERPRISES

Product Add Form

Date Submitted: _____ Submitted By: _____
 Date Marketing Approved: _____
 Date SKU provided: _____ Help Desk Job#: _____

If more than one is to be added, attach and email information on a separate sheet. (Excel Spreadsheet)

Required information is denoted in ***Underlined***:

Description: _____
 Suggested SKU (Optional): _____ Warranty (Days): _____
Item Type: Stock Non-Stock Custom Lead Time (Days): _____
UOM: _____ ***UOM Quantity:*** _____ Weight (lbs): _____
 NGIP Code: _____ UNSPSC: _____ ***Show on Web/eProcurement*** Yes No
Install Fee: Yes No ***Category:*** _____
Price: _____ Break/Price: _____ / _____ / _____
Mfg. Plant(s): _____ / _____ / _____ / _____
Add'l Whse.(s): _____ / _____ / _____ / _____
SDS Required?: Yes No ***Attached?:*** Yes No
If required and not attached how will it be provided? _____
Image is Required Catalog/Web : Attached?: Yes No
If "No" how will it be provided? _____
Sub-Category for Retail Items: _____

Marketing Description/Information; if item(s) are to be displayed on Web/in Catalog:

Comments: _____

Industry Director Signature: _____ Date: _____

Business Office Use Only

BIDS Entry Date: _____ Completed By: _____

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