



Memorandum

Friday, October 10, 2018

Reference No.: 20181005-003

TO : All Office Staff, Members, Mobile Stores and Mega Centers
FROM : The House of Herbs Board of Directors
SUBJECT : Inventory Clearance

In preparation to the upcoming House of Herbs System called the House of Herbs Web Version 2.0, several memos will be implemented and set in place so that every needful thing required for this transition will be in order.

PURPOSE:

1. To help MCs and Mobile Stores provide products to members without experiencing financial losses while the system is being developed and a manual registration process is being implemented between October 13, 2018 and November 8, 2018
2. To provide guidelines and procedures to help both members and stores resume proper business operations during the said transition

INTRODUCTION:

The "Inventory Clearance", on **October 13, 2018** refers to the closing of all inventories in order start a new product movement inventory flow that will be handled and managed by the House of Herbs Web Version 2.0 System with the following details:

1. All products that has been delivered before **October 13, 2018** by the House of Herbs office to MCs and Mobile stores will be declared as "good as sold" and will not anymore be recorded in the new system to avoid stock and pricing discrepancies that could lead to financial losses on the part of the sellers
2. MCs and Mobile store will need to replenish their inventories with new stocks since these stocks are now categorized in two types and have different pricing as follows:
 - a. Registration Stock – these are stocks are priced at SRP which are used to build registration packages
 - b. Consumer Stock – these are stocks priced based on discounts that the user can purchase either as their Personal Health Consumption or PHC or sell it to other people that would like to patronize the House of Herbs products

Note: The new stocks will be monitored by the system because it will affect several marketing compensations given by the company

3. Between October 13, 2018 and November 7, 2018, MCs and Mobile stores should implement the following guidelines in their operations as follows:
 - a. New Member Registration - in the manual registration process, MCs and Mobile stores should do the following:
 1. Use the new registration pricing
 2. Accept all payments and deposit them in full to the House of Herbs bank account and keep the machine validated deposit slip as proof of payment; this will be used to reconcile payments to the main office.

Note: The House of Herbs will only honor payments with proof and will not be responsible otherwise. For multiple registrations at one time, the same process will be followed

3. Use a stock voucher form to:
 - a. Use existing stock (like borrowing them) to provide to the new member and use the voucher to replenish them (using the new price) from the main office

Note: Since the MCs and Mobile stores have consumer stocks with old pricing, it will just be returned back and MCs and Mobile stores can sell them in the same original price when they brought it and sell it as such without losing money in the process
 - b. Or, use it to get physical stocks from the main office and provide it to the new member after the MCs and Mobile Stores receives them
4. Attach the scanned machine validated deposit slip, new member registration form with voucher and email it to customer.care@houseofherbs.biz with the subject "New Member Registration" with special instructions if there are any
- b. Selling of Consumer Products – all products pricing except for registration products will retain its original pricing until November 8, 2018. This will allow members purchase products until all of the remaining House of Herbs stocks with old pricing have been fully consumed. We encourage members to take this opportunity while we are still transitioning to such change.

If the MCs and Mobile store wish to purchase consumer stocks for their stock replenishment, the original pricing will be followed until November 8, 2018 when the new consumer stock pricing is already in effect.

Please take note that since the inventories had already been cleared, these stocks will not be recorded in the new system during that time. Only new consumer stocks with new pricing will be entered into the new system.

For your reference and guide.

Thank you,

The House of Herbs

*This memo has been duly approved in agreement with the House of Herbs Board of Directors last **October 10, 2018** and will be in effect on **October 13, 2018**.*