PALADIN™
DATA CORPORATION

EXCELLENCE IN COACHING

UNRAVELING THE MYSTERIES OF INVENTORY CONTROL – PART II

by Jenny Cooper

Technical Level:

Easy | Intermediate | Advanced

EXCELLENCE IN COACHING:

UNRAVELING THE MYSTERIES OF INVENTORY CONTROL – PART II

Agenda

- Define the goals
- Find a starting place
- Show you how to maintain your inventory properly for the Suggest Order Report (S.O.R)
- Breaking down and explaining the S.O.R

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Goals

- Streamline the ordering process
- Understand the S.O.R to optimize your store's ordering
- Start practicing today
- Identify the most common problems within your inventory that show up on the S.O.R

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Finding a Starting Point

- Don’t be discouraged by past attempts
- Start the process as early as, now
- Define your goals and create a plan
- Measure your progress weekly

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Put a Stake in the Sand

- Make a commitment
- Start slow, ease into it
- Get other team members on board
- Document the process
- Be consistent

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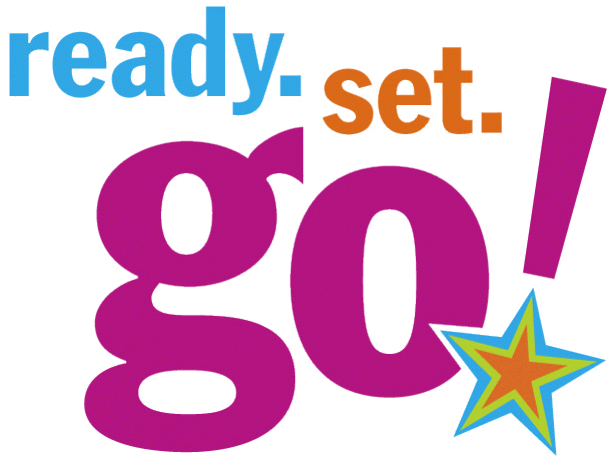
Where to Begin



- Run a Suggested Order Report (S.O.R)
- Start with one department or location
- Chose one “problem” identifier
- Start to fix those part numbers

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Breaking down the S.O.R

Anderson Feed & Supply, Inc — **Suggested Order Report** — Page:1

Selection	Beginning	Ending	Additional Options	Sort Order		Date
Part Number	ALL	zzzzzzzzzzzzz	Stock Days: 14	Sort By =	None	Ran on: 12-Oct-15
Department	All	All		Order =	None	
Supplier	All	All	Dept Override Enabled = True	Then By =	None	At: 4:11 PM
Class	All	All	Item Override Enabled = True	Order =	None	
SubClass	ALL	All	Limit report supplier = Any	Then By =	None	By: 1
Location	10	40		Order =	None	
Counted Between	12-Oct-14	13-Oct-15	Create Working PO = No			

Line	Record Number / Description / Last Rec'd	Order #1 / Lst Count	SOH / On Order / Qty Req	Sup Ratio / Demand / Sup Qty	Order #2 / MFG Number / EXT		1	2	3	4	5	6	7	8	9	10	11	12	13	
	104124	104124	10	1	104124	Ave $= 252.876	1	0	0	1	0	1	6	0	1	5	1	27	34	
1	P3816A CHAIN SAW 967196401 3		9	24	3301PFS/14	Lst $= 252.460	Min= 0			SugMin= 0			OrdQty= 1			Dept= 9			Sup1= 13	YTDQty= 84
	05-Jun-14/24	14-Nov-14	5	5	1262.30	Mkt $= 252.460	Max= 999			SugMax= 32			Ord % =100			Loc = 30			Sup2= 0	YTD$$$= 23025.34
	217689	6262588	28	1	217689	Ave $= 02.340	4	0	0	2	0	60	36	0	2	7	1	11	66	
2	295300 WHT VNTY WASTEBSKT 6Q		13	51		Lst $= 02.340	Min= 0			SugMin= 0			OrdQty= 1			Dept= 1			Sup1= 13	YTDQty= 202
	04-Dec-14/7	14-Nov-14	10	10	23.40	Mkt $= 02.340	Max= 0			SugMax= 65			Ord % =100			Loc = 10			Sup2= 0	YTD$$$= 1597.98
	477338	477338	299	1	477338	Ave $= 06.970	0	0	0	1	1	0	0	0	0	3	300	110	120	
																		2	1	
3	2X4X8 NUMBER 2 PREM.MCKENZIE		433	1000	22	Lst $= 06.970	Min= 11			SugMin= 0			OrdQty= 1			Dept= 10			Sup1= 13	YTDQty= 2907
	04-Dec-14/200	07-Dec-13	268	268	1867.96	Mkt $= 06.970	Max= 999			SugMax= 1252			Ord % =100			Loc = 40			Sup2= 0	YTD$$$= 34169.10
	653055	653055	0	1	653055	Ave $= 00.960	2	0	0	0	0	0	0	0	0	0	0	0	0	
4	31166 PLUMBERS PUTTY 14OZ		0	2	31166	Lst $= 00.960	Min= 0			SugMin= 0			OrdQty= 1			Dept= 5			Sup1= 13	YTDQty= 2
	11-Oct-14/2	05-Dec-13	2	2	1.92	Mkt $= 00.960	Max= 999			SugMax= 4			Ord % =100			Loc = 10			Sup2= 0	YTD$$$= 03.04
	LUM1	LUM1	-16.5	1	LUM1	Ave $= 02.680	66	0	0	0	0	0	0	0	0	3	0	0	0	
5	2X4X8		0	32.75	1	Lst $= 02.680	Min= 11			SugMin= 0			OrdQty= 1			Dept= 69			Sup1= 13	YTDQty= 68.5
	16-Dec-13/40	07-Dec-13	32	32	85.76	Mkt $= 02.680	Max= 999			SugMax= 82			Ord % =100			Loc = 40			Sup2= 0	YTD$$$= 341.82

Total Order Value: 3241.34

- What do all these sections mean?
- How do I even read this thing?
- Explaining each column and how to get the best ordering for your store from this report

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S.O.R- Behind the scenes

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1	P3816A CHAIN SAW 967196401 3		9	24	3301PFS/14	Lst $= 252.460	Min= 0			SugMin= 0			OrdQty= 1			Dept= 9			Sup1= 13	YTDQty= 84	
	05-Jun-14/24	14-Nov-14	5	5	1262.30	Mkt $= 252.460	Max= 999			SugMax= 32			Ord % =100			Loc = 30			Sup2= 0	YTD$$$= 23825.34	
	217689	6262588	28	1	217689	Ave $= 02.340	4	0	0	2	0	60	36	0	2	7	1	11	66		
2	295300 WHT VNTY WASTEBSKT 6Q		13	51		Lst $= 02.340	Min= 0			SugMin= 0			OrdQty= 1			Dept= 1			Sup1= 13	YTDQty= 202	
	04-Dec-14/7	14-Nov-14	10	10	23.40	Mkt $= 02.340	Max= 0			SugMax= 65			Ord % =100			Loc = 10			Sup2= 0	YTD$$$= 1597.98	
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3	2X4X8 NUMBER 2 PREM.MCKENZIE		433	1000	22	Lst $= 06.970	Min= 11			SugMin= 0			OrdQty= 1			Dept= 10			Sup1= 13	YTDQty= 2907	
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- An item will only show up on a suggested order if it has sales history within the last year
- To order the next order quantity you must have a need greater than 2/3 the order quantity. For example if an item has an order quantity of 10 then there needs to be a need greater than 6.666 before it would order 10
- The suggested order uses the adjusted quantity for its calculations
- An item will show an adjusted quantity of 0 if it is on a sale list during the transaction

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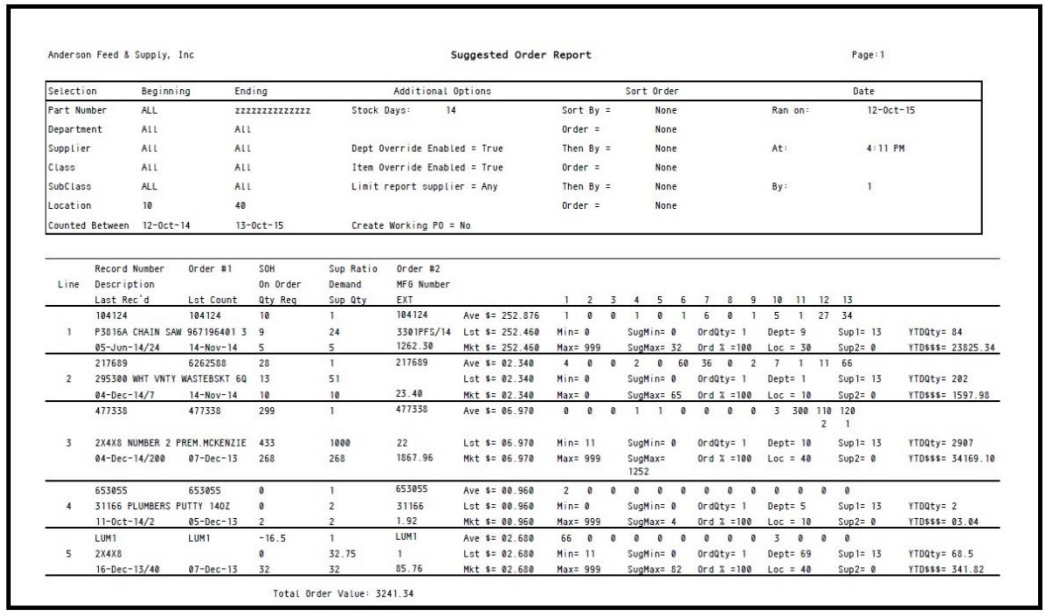
The problem identifiers



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- Special Orders
- Min/Max qty locked
- Supplier Ratio
- Exceptional Sale
- Order Qty

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Items that should have been a special order

- Only showing 1 or 2 ordered in the past year
- Setting the max qty to 0 and locking it
- We can do this in bulk via data work for a fee

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Supplier Ratio Issues

- The cost is bigger than the retail
- Your SOH has a decimal
- You have SOH that you ***know*** are wrong, for example a roll of 250 foot roll of wire, but your SOH only says 1.
- You will need to go into the inventory module and change the supplier ratio and look at the ordering information

Exceptional Sale

- If you see the order history on an item and it has pretty consistent sales and then it jumps drastically
- To tell the computer not to factor this into its calculations simply go to the inventory module, recall the item, on the inventory tab click the magnified glass next to Sales Figures. Find the transaction with the exceptional sale on it and change the adjusted quantity to a smaller number or to 0.

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Order Quantity

- Many suppliers have a pack quantity on items and the suggested order will order in those quantities
- Look for items with high order qty on the S.O.R
- You could be overstocking yourself when you do not need to. You can review those items and order them in a quantity break. Meaning just order 5 of them, instead of the case of 10

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Min/Max Locked

- Min/display is the amount you would like to order over the amount you need. This can directly cause overstock and strange numbers to be seen on the S.O.R
- If you have the minimum locked, thinking it is what you need to order at all times, you can easily double your needed inventory
- Having the max locked can limit your supply that may actually be needed. So in other words you could have a shortage in a popular item

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End

Recording available at:
paladinpointofsale.com/webinars

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