UNRAVELING THE MYSTERIES OF INVENTORY CONTROL – PART II

by Jenny Cooper

Technical Level: Intermediate
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
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
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
EXCELLENCE IN COACHING:

UNRAVELING THE MYSTERIES OF INVENTORY CONTROL – PART II

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

Start Small
THINK BIG
Where to Begin

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

- 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.
S.O.R- Behind the scenes

- 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.
### The problem identifiers

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

Recording available at: paladinpointofsale.com/webinars
UNRAVELING THE MYSTERIES OF INVENTORY CONTROL – PART II

by Jenny Cooper

Technical Level: Intermediate