

Ostendo[®] _____

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Inventory Control

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Ostendo has a comprehensive Inventory Control system that includes:

- Multi-Warehouse - Multi-Location
- Visibility of stock by multiple Units of Measure
- Visibility of Stock by Item variants (Serial No, Lot No, Colour, Expiry Date, etc)
- Stock Movement History maintained
- Allows negative stock
- Interactive Stock Replenishment routine
- Suggested Replenishment Order conversion to Purchase and/or Assembly Orders
- Miscellaneous Stock Adjustments
- Inventory Transfer
- Location Restock
- Inventory Stock Count
- etc

1. Warehouses and Locations

1.1. Warehouses

Ostendo has the ability to maintain multiple Warehouses. These Warehouses can be 'In House', at a Customer location, or at a Supplier location. The Warehouse can be flagged to define if its stock can be excluded from the Stock Replenishment routine. To create a Warehouse go into **Inventory>Warehouses** and click the 'Add' button. Enter the following:

Warehouse Code: enter your new Warehouse Code
Description: enter a short description of the Warehouse
Company: Select 'Site'
Name: Select 'Company'

You will notice that you can select a Customer or Supplier as the 'Company' in which case the 'Name' drop-down will show the Customers or Suppliers on file. By defining a Customer or Supplier Warehouse you can control your Consignment Stock at those locations

1.2. Locations

Within each Warehouse you can maintain multiple locations. An inventory Item can exist in multiple locations across multiple Warehouses. A location can be included in a user-defined Group and Sequence that facilitates Inventory checking in a logical, user-defined, sequence. To add a Location to a Warehouse go to **Inventory>Locations** and click the 'Add' button. Create a Location in your Warehouse.

Location: enter (say) **BIN01**
Description: enter a short description of the Location
Warehouse: From the drop-down list select the Warehouse you created above

1.3. Default Locations

Each Item can be given a Default Warehouse/Location for both Issues and Receipts. This is used to prefill the fields when receiving and issuing them and also for auto-issuing when contained in a Kitset. It can also be used as a global default for those users who do not use Warehouses or Locations.

If you go into **Inventory>Settings>Item Rules** you can specify a Global Default Warehouse and Location. Go into **Inventory>Items** and click the 'Add' button. Create a new Item called

(say) **BOLT** and click the 'Create' button. On the displayed '**Items Detail**' screen enter data into the following fields (I.e. They are a mandatory requirement against Item records)

Unit: Select a Unit of Measure from the drop-down list
Description: Enter a short description of the Item

'**Save**' the record. If you now click on the '**Additional Inventory Settings**' button you will see that this default Warehouse/Location is included in the record. Of course you can amend it for this Item if you wish.

2. Inventory Movements

Ostendo covers the following aspects of Inventory:

- Allows negative stock where applicable
- Simple Issue and Receipt functions throughout the system
- Miscellaneous stock movements.
- Inter-Warehouse transfers
- Re-stock processing by Warehouse
- Stock Replenishment routines
- Cyclic Stock Checks
- View current Stock by Warehouse/Location/Item/Item Variable
- View Stock Movement History
- View Stock Valuation (Standard/Average/Last)

The following Stock Movement activities are included in Ostendo:

- 'Formal' Stock Movements are covered in the following areas
 - Assembly Order Component Issue
 - Assembly Order Product receipt
 - Sales Order Line Issue
 - Job Order Line Issue
 - Purchase Order receipt

These stock movements will be covered under the Assembly, Sales, Jobs and Purchase Order Training sessions

- Other Stock Movements covered are:
 - Miscellaneous Stock Adjustments
 - Inventory Transfers
 - Inventory Restock
 - Stock Counts

These movements will be addressed below

2.1. Negative Stock Settings

'Out of the box' Ostendo allows any Item except Serial Numbered Items to go into negative Stock.

- If you do not want to allow negative stock in your business then you can set this system-wide by going into **Inventory>Settings>Item Rules** and 'check' '**Disable Negative Stock for All Items**' checkbox.
- If, on the other hand, you have specific Items that are not allowed to go negative then go into **Inventory>Settings>Item Rules** and 'uncheck' '**Disable Negative Stock for All Items**' checkbox. Now go into the Items screen (**Inventory>Items**) and select the specific Item that is not allowed to go negative; click on the '**Additional Inventory Settings**' button. In the presented panel 'check' the '**Prevent Negative Stock for this Item**' checkbox.

2.2. Miscellaneous Stock Adjustments

This option should be used where Inventory is being issued to, or received from, sources outside of Ostendo's formal processes. It can also be used to make instantaneous adjustments where the 'location' stock is found to be at variance to the 'Book' stock.

Go into **Inventory>Inventory Adjustments** and click the **'Add'** button to create a new batch. **'Save'** the batch then click on the **'Lines'** tab and enter the following:

- Click on the **'Add'** button to create a new line record
- Click on the drop-down against **'Item Code'** and select the Item that you created above. Note: This will bring forward the Item's default Warehouse/Location but this can be amended if required.
- Select **Adjustment Type 'RECEIPT'**
- Enter an **Adjustment Qty +/- of 12** (Note: Enter a positive amount for receipt, and a negative amount for Issue)
- Click the **'Save'** button
- Repeat for other adjustments if required
- Go back to the **'Details'** tab and click the **'Post all Adjustments'** button

If you now go to the Item record in **Inventory>Items** you will see that **'On-Hand Qty'** has been increased to reflect the adjustment. If you click on the **'Inventory Availability'** button to the right of the **'On-Hand Qty'** then a screen will appear that shows:

- Quantity held by Location
- Click on **'Transaction History'** tab to view stock movements
- Click on **'Projected Availability'** tab to view projected stock balances taking into account all supply and demand orders in Ostendo
- Click on **'Order Details'** tab to view the current Supply and Demand orders

2.3. Inventory Transfer

The Inventory Transfer function covers the Batch transfer of stock from one location to another. Each line allows you to specify both the 'From' and 'To' Warehouse/Location with a quantity being transferred.

Go into **Inventory>Inventory Transfer** and **'Add'** a new batch. After saving the batch click on the **'Lines'** tab and enter the following:

- Click on the **'Add'** button to create a new line record
- Click on the drop-down against **'Item Code'** and select the Item that you received above.
- Enter all relevant information such as
 - From Warehouse/Location
 - To Warehouse Location
 - Quantity and Unit of measure
- Click the **'Save'** button
- Repeat for additional lines if required
- Go back to the **'Details'** tab and click the **'Post all Transfers'** button

If you now go to the Item Availability screen **Inventory>Inventory Availability:**

- You will see the Quantity held by Location
- Click on **'Transaction History'** tab to view stock movements. You will note that two transactions cover the transfer. I.e. Issue from the 'old' location and Receipt into the 'new' location

2.4. Inventory Restock

The Inventory Restock function covers the replenishment of stock relative to an Item's Re-Order Level and Replenishment quantity at specific Warehouses. This creates a Transfer List of affected Items so that stock can be replenished from a central Warehouse.

In this example we will create a restocking Template to apply to a delivery van and replenish stock into that van

Step 1. Create a Restocking Template by going into *Inventory>Settings>Restocking Templates* and click the 'Add' button. Give the Template a name (say) 'Van Restock'). Enter a description, and then click on the 'Levels' tab. Add the following Lines

<u>Item</u>	<u>Unit</u>	<u>Re-Order Level</u>	<u>Transfer quantity</u>
100-2002	Each	100	300
100-2008	Each	100	250

Step 2. Create a Warehouse (say) **Van1234** as described in 1.1.
Create a Location in that Warehouse (say) **Van Stock** as described in 1.2.

Step 3. Go to *Inventory>Location Restock* and click the 'Add' button. Enter the following:

- **From Warehouse:** Main
- **From Location:** Primary
- **To Warehouse:** Your Van Warehouse
- **To Location:** Van's Warehouse Location
- 'Check the 'Use Inventory Template' checkbox and select the Template created above
- Click the 'Save' button
- At this point the program will evaluate the current stock in the Van location and, if it is below the 'Re-Order Level' it will generate a record for the 'Re-Order Quantity'
- Click on the 'Lines' tab to view the calculated quantities. You can amend these if required.

Step 4. Click on the 'Reports' button and print the 'Inventory ReStock Sheet'. This will be used as a Pick List to pick the Items from stock

Step 5. Click on the 'Transfer all Items where Actual Transfer Qty <= 0' button. This will immediately 'post' the transferred quantities to the Van Location.

If you now go to the Item Availability screen *Inventory>Inventory Availability*

- You will see the Quantity held by Location
- Click on 'Transaction History' tab to view stock movements. You will note that two transactions cover the Restock. I.e. Issue from the 'old' location and Receipt to the 'new' location

2.5. Stock Counts

You can generate your own stock count from the following parameters:-

- From/To Warehouse
- From/To Location
- From/To Category
- From/To Item
- Cycle Count Code
- ABC Class

Multiple Cycle counts can be open at any time

To carry out a Stock Count do the following:

Step 1. Go to *Inventory>Inventory Count* and click the 'Add' button

On the displayed panel enter a Count Description then click the '**Generate Inventory Count Lines**' button. You will note that for each Item Variant (Colour, Size, Serial Number, etc) a separate record is created for you to check the current stock.

Step 2. Click on the '**Reports**' button and print the '**Inventory Count Sheet**'. This sheet is then used to check the current Stock levels

Step 3. Enter the Stock Levels into field '**Count Qty**'. Note: If you find other Items in stock or the selected Items in other locations then you can add the record by clicking the '**Add**' button and entering the details.

Step 4. After re-printing and validating the entries you should go to the '**Detail**' tab and click on the '**Update Counted Inventory Lines**' button

If you now go to the Item Availability screen **Inventory>Inventory Availability** for one of the above Items:

- You will see the new Quantity in the specified Location
- Click on '**Transaction History**' tab to view stock movements. You will note that a single Count Transaction has been generated to cover the Count adjustment quantity

3. Inventory Replenishment

Ostendo looks at each Item in turn and compares the current stock of that Item against the Item's 'Re-Order Level' and if it is below that level a 'Suggested Order' is generated. Ostendo also takes into account any future demands (from Job, Assembly, or Sales orders) and future supply (from Purchase and Assembly Orders). Additionally you can also take into account any future forecast demands that may be made on the Item. The following is the process carried out by the Inventory Replenishment routine. We will track the process of one Item through this routine

3.1. Preparation

Go into **Inventory>Items** and select Item **100-2000** (Washer-Mild Steel-8mm). In that record you will see 4 fields that are used in the Replenishment function

Re-Order Level: If the projected stock falls below this level then a Suggested Order is triggered using the Re-Order Quantity or the actual demand quantity (whichever is the greater) to bring the stock up to the Re-Order level

Re-Order Qty: The minimum quantity that will be generated by a Suggested Order

Order Multiple: The Suggested Order quantity is rounded up to the nearest multiple of this entry

Lead Time: The number of days between when the Item should be ordered and when it is required

Amend the current entries against Item **100-2000** if required

Item Forecast: A Forecast can optionally be held against an Item and allows you to create a 12-month Forecast. The forecast contains individual monthly forecasts where each month can selectively contain forecasts based on

- A Daily Demand for a 5-Day Week
- A Daily Demand for a 6-Day Week
- A Daily Demand for a 7-Day Week
- A single Monthly Demand

To create a Forecast go into **Inventory>Item Forecast**

3.2. Replenishment Process

Step 1. To commence the Replenishment process go to *Requirements>Inventory Replenishment*. In the panel that is presented:

- Click on the 'Create New Inventory Replenishment' button
- 'Check' the 'Exclude any Forecasts for Items' checkbox ***
- Select 'From Item Code' = 100-2000
- Select 'To Item Code' = 100-2000
- Click the 'OK' button

*** To understand the basic Replenishment routine it would be better to ignore any Forecast at present. Having understood the process without a Forecast you may wish to repeat the Inventory Replenishment including the Item's Forecast.

Step 2. Determine Nett Demand

The Replenishment Routine extracts all 'Actual Demands' from the following sources

- Sales Orders
- Assembly Orders
- Jobs

The Forecast demands and the Actual Demands are then compared such an ongoing demand is generated from the greater of the Cumulative Forecast and the Cumulative Actual Demand. For Example:

Forecast	10	10	10	10	10	10
Actual	15	3	14	2		
Cumulative	15	5	12	8	10	10

The above analysis is carried out up to a Replenishment Horizon. This was defined in the run selection parameters in Step 1. The parameter can be either:

- A fixed number of Days for all Items
- An Item's Leadtime + A defined number of days

Step 3. Determine Supply

The Replenishment Routine extracts all 'Actual' Supply quantities from the following sources

- Purchase Orders
- Assembly Orders

Step 4. Creating Suggested Orders

Armed with the current stock level, Nett Demands, and Outstanding Supply orders then - starting the system date - the Replenishment program will go through the following process:

1. Add any overdue Supply Orders to the Current Stock Level and deduct any Nett Demands equal or prior to the system day
2. Is the 'expected' Stock Level below the Item's Re-Order Level?
 - No** - Go to question 4
 - Yes** - Determine the greater of (a) the quantity required to bring it up to the Re-Order Level and (b) the Re-Order Quantity. Round this up in accordance with the Item's Order Multiple and create a Suggested Order
3. Add the Suggested Order Quantity to the Current Stock Level
4. Go to the next day
5. Has the Replenishment Horizon been reached for this Item?
 - No** - Go to question 6
 - Yes** - End the Replenishment calculation for this Item
6. Add any Supply Orders (Assembly Orders or Purchase orders) scheduled for this day
7. Deduct any 'Nett Demands' scheduled for this day.

8. Go back to the question 2

Step 5. Replenishment Results

The results of the Replenishment run are displayed showing all Items that have had Suggested Orders created. You can drill-down on each Item (clicking the 'Detail' tab) to see the detailed results of the run. This shows (by Day) all Demands, Supply Orders, and Suggested Orders with a resulting stock balance at the end of the day. On this 'detail' view the quantity displayed against the Suggested Order can be amended. The results of the change are immediately reflected on all subsequent daily balances.

If you have made all the required changes then go back to the 'List' view, 'check' the lines that are to be actioned and click the 'Accept Replenishment results for selected items' button. The created 'Suggested' Order are converted into physical orders via *Inventory>Create Required Orders*

4. Create Required Orders

The 'Create Required Orders' screen looks at Suggested Orders generated from:

- The Replenishment Routine plus
- Items, Descriptors, and Catalogue Items whose 'Supply Method' is 'Source on Demand' and a demand was generated by the Sales, Assembly, or Job Order

This routine allows you to modify and/or approve the requirements before finally converting them into physical Orders. When converting to physical orders you have the option to:

- Select the lines to convert to Order(s)
- Combine Lines (segregated by Supplier) into a single Purchase Order if Purchased.
- Combine Lines into a single Assembly Order if Assembled.

Go into *Inventory>Create Required Orders* and amend the run date to include orders up to (say) then end of next month then click the 'OK' button. Note: The program will extract all the Suggested Orders whose **Required Date** less **Leadtime Days** is earlier than this date.

On the presented screen you will see all the Required Orders that satisfy the selection criteria. If you scroll to the left you will see the source of the demand. You can now:

- Select any line and - in the Detail tab - amend the Order quantity
- 'Check' the line(s) that are to be converted into Orders
- 'Check' the Radio Button to state whether you want a combined Order by Supplier or that each line will have a separate Order
- Click the 'Generate Orders for selected Requirements' button

Go into *Purchasing>Purchase Orders* to view the generated Purchase Orders. Highlight the last Purchase Order in the 'List' view and click on the 'Lines' tab. In that view click on the 'Line Allocations' tab you can see that it is linked to the source of the demand.

5. Inventory Changes

Within Ostendo there are 3 types of changes allowed

- **Inventory Change** - Amend current stock's sub-level variants
- **Base Unit Swap** - Allows you to change the Item's base Unit of Measure
- **Inventory Unit Change** - change an Item's Unit of Measure to another valid Unit held against the Item record

5.1. Inventory Change

This feature allows you to address the current sub-level variations (Serial Number, Batch Number, Colour, etc) of Items in stock and amend them as required without creating a Stock

Movement Transaction. You should note that this feature does not allow changes to the stock Quantity, Warehouse, Location, or the Unit of Measure.

Step 1: Go into *Inventory>Items* and go to the 'Details' tab of Item **OC-7452** (Office Chair - Standard Gas). You will notice that the 'Colour' checkbox is 'checked'. If you click on the 'Colours' button to the right of the checkbox you will see that this Item has 4 variants. We will receive 10 'Red' Chairs into stock and then realise that they should have been 'Blue'. We will use this process to carry out that amendment.

Step 2: Go into *Inventory>Inventory Adjustments* and 'Add' a new batch. After saving the batch click on the 'Lines' tab and carry out the following:

- Click on the 'Add' button to create a new line record
- Click on the drop-down against 'Item Code' and select Item **OC-7452**.
- Enter an Adjustment Quantity of **10**
- Select the Adjustment Type 'Receipt'
- Select 'Red' from the drop-down list against 'Colour'
- Click the 'Save' button
- Go back to the 'Details' tab and click the 'Post all Adjustments' button

Step 3: Go into *Inventory>Inventory Change* and select **OC-6452** then:

- Click on the 'Detail' tab
- On the displayed record click the drop-down list under field 'Colour' and select 'Blue'
- Save the record
- If you now go to the Item Availability screen *Inventory>Inventory Availability* for **OC-6452** you will see that the Colour is now 'Blue'

5.2. Base Unit Swap

This feature allows you to adjust an Item's base Unit of Measure to another base unit. In this exercise you will replace the base unit held against Item **1500-2185** (Green Paint) from 'Litre' to 'Galls'.

Step 1: To commence this you first need to create the new Unit of Measure. Therefore go into *General>Settings>Standard Units* and create a new Unit called 'Galls'.

Step 2: Go into *Inventory>Items* and highlight Item **1500-2185**

- Click on the 'Related' button to the right of the screen and select 'Item Units' from the list
- In the displayed panel add a record showing
 - To Unit:* Select **Galls** from the drop-down list
 - Conversion Factor:* MUST be **1**
- Click the 'Save' Button

Step 3: Go into *File>System Configuration>Item Base Unit Swap*. In the presented screen:

- Select Item Code **1500-2185**
- Select the new Base Unit 'Galls'
- Click the 'Apply Change to entire Database' button

Step 4: Finally, remove the 'old' Unit from the Item's list as follows

- Go into *Inventory>Items* and highlight Item **1500-2185**
- Click on the 'Related' button and select 'Item Units' from the list
- In the displayed panel delete the 'Litre' line
- Click the 'Save' Button

5.3. Inventory Unit Change

This feature allows you to adjust the Unit of Measure of an Item in Stock to another valid Unit of Measure applicable to the Item. In this exercise you will add an additional Unit of Measure against Item **PE-7721** (Standard Ballpoint Pen) of '**Box**' (**50** Pens per Box). We will then receive **5** 'Box'(es) into stock and then 'split' one box into individual Pens:

Step 1: Identify the Alternate Unit of Measure

- Go into *Inventory>Items* and select **PE-7721**
- Click on the '**Related**' button to the right of the screen and select '**Item Units**' from the list
- You will see that the alternate unit '**Box**' has a conversion Factor of **5**.

Step 2: Go into *Inventory>Inventory Adjustments* and '**Add**' a new batch. After saving the batch click on the '**Lines**' tab and carry out the following:

- Click on the '**Add**' button to create a new line record
- Click on the drop-down against '**Item Code**' and select Item **PE-7721**.
- Select '**Box**' from the drop-down list under '**Unit**'
- Select the **Adjustment Type** '**Receipt**'
- Enter an **Adjustment Quantity** of **5**
- Select '**Blue**' from the drop-down list under '**Colour**'
- Click the '**Save**' button
- Go back to the '**Details**' tab and click the '**Post all Adjustments**' button

Step 3: Go into *Inventory>Inventory Unit Change* and locate Item **PE-7721** then click on the '**Detail**' tab. Then:

- Select the line showing the **5 'Boxes'**
- Click on the '**Change Unit of Measure for selected Record**' button
- Leave the '**From Qty**' as **1**
- Select '**Each**' from the drop down list against '**To Unit**'
- Click the '**Update**' button
- If you now go to the Item Availability screen *Inventory>Inventory Availability* for **OC-6452** you will see that the stock quantity against **5 Boxes** has reduced to **4** but the stock quantity against **Each** has increased by **50**.