

Inventory Reorder Optimisation

This document will assist you in understanding the Setup and Inventory Reorder optimisation process available in Palladium Enterprise Version 10.

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Overview

The purpose of this feature is to optimise the inventory holding and ordering within the organisation by managing minimum and maximum levels with order lead times, a safety factor as well as an estimated number of days sales to stock in order to optimise in hand levels.



Process

This function is a 3-step process as follows:

- 1. First setup the delivery lead time, safety factor to apply and set up the number of days sales required in stock.
- 2. Then run the inventory forecasting process. This function will calculate and average daily sales for the selected period and set the minimum and maximum inventory levels using the safety factor and required days sales.
- 3. We then process the mass inventory order form allowing us to mass create the individual purchase orders per location per vendor.

Setup

General System Setup

You need to go to the Company Options Setup to determine whether you will create Purchase Orders or Purchase Requisition when processing the Bulk Reorder Process per the screen below. Note that you will only be able to create Purchase Requisitions if you are using the Purchase Order Approval function.



Inventory Masterfile Setup

Go to the inventory Masterfile and select the Reorder tab. Thereafter enter the details as below. Refer to the numbering in RED in the screen below.

- 1) Reorder Point for all Locations This will set the Max Level across allocations and is used to determine order points for the company generally used for central store purchasing
- 2) Minimum Level This is the Minimum level for all locations associated with Centralized Ordering
- 3) Safety Factor Safety factor used to calculate the Minimum Level
- 4) Order Lead Time (Days) Vendor Delivery Lead Time
- 5) Days Sales In Stock Number of Days Sales Stockholding Required
- 6) Economic Order Factor The multiple on which to Order goods from your Vendor
- 7) Minimum Order Quantity this is the least amount that can be ordered for this Item
- 8) Average Daily Sales Average daily sales are calculated during the Inventory Forecasting process.
- 9) Minimum Level Minimum level used to trigger the reorder process, calculated as follows: (Order Lead Time x Average Daily Sales) x (1+ Safety Factor)
- 10) Maximum Level Minimum Level + (Days Sales in stock x Average Daily Sales) rounded up to Greater of Economic Order Factor or Min Order Quantity

Invento	ry Item																	×	
Number Mask:							m Numbering	Conve	ntion										
Number: NewOrderitem											Barcode 1:					🖾 Labels			
Description: New Order Item										Barco	le 2:				🖾 Labels				
Iter	n Summary Vendo	rs Prici	ing	Location R	elated Items	Reorde	Taxes	BO	M File	optio	nal Field	ds Ext Description	Notes	Statistics	Targets	Trends	Activity		
Re	order Point (for all lo	cations cor	nbined):	1 5,0	Alloca	ate to loca	tions Safe	ty Facto	or (%) :	3	15	Days Sales in Stock :		5 30	Minimum Or	der Quantity	: 7	220	
м	inimum Level :			2	3000		Ord	er Lead	l Time (Days)	: 4	20	Economic Order Fact	or :	6 100					
Lo	cation		Aver	rage Daily Sales	Minimu	m Level	Maximum	Level											
DE	FAULT			8 0	9	0	10	5,000											



Inventory Forecasting

Now that you have setup the Reorder levels you need to generate the forecasting process as seen below with recommended new minimum and maximum inventory levels. The first thing you need to do is to determine whether this process is run per location or as an overall company (15). Then select the period on which you wish to forecast the daily sales, as depicted by point (1) below. As you can see you also have the ability to filter, or process, by inventory category (2).

P Inventory Forecast	ng										-		×
Location Company O	Location: DEFAULT												
Forecast Options Sales Period: 31 Stock Days to Fore	January 2016 📑 to 01 cast (Min Qty): 30 🖨 Categ												
	2	4	5	6	7	8	9	10	11	12	13	14	
Number	Description	Sales	Daily Sales	Adjusted Daily Sales	Sales Last 7 Days	Order Lead Time	Safety Factor %	Old Min Level	New Min Level	Days Sales	Old Max Qty	New	Max Qty
NewOrderItem	New Order Item	20	0.67	20.00	0.00	20.00	15.00	600.00	460.00	30.00	106.00		1,060.00
Invitem	Inventory Item	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50,000.00		0.00
Warehouse: Inventory	Item - Available: 982.00 Sales Order	r: 1.00 On Hand	983.00 Purchas	e Order: 1,234.00									

Other field data as follows:

- 3. Stock Days to Forecast this will allow you to mass update the Days Sales field (12)
- 4. Sales this is the unit sales for the dates selected on section (1)
- 5. Daily Sales this is the average sales per day
- 6. Adjusted Daily Sales this is the overriding daily sales to calculate the Min and Max levels
- 7. Sales Last 7 days sales on the previous 7 days from the system date
- 8. Order lead time Order delivery Lead Time in Days per the Inventory Masterfile
- 9. Safety Factor This is the excess safety Stock Factor per the Inventory Masterfile
- 10. Old Min Level Previous Minimum Level
- 11. New Min Level New Minimum Inventory Level that will be updated to the Masterfile on Saving
- 12. Days Sales This is the number of days Sales to Stock
- 13. Old Max Qty Previous Maximum Quantity
- 14. New Max Qty New Maximum Quantity that will be updated to the Masterfile on saving

Processing Vendor Orders

The processing of Vendor orders can be made in one of, or using a combination of the following 3 ways:

Inventory Reorder Report

The standard reorder report has been extended to include the new Minimum and Maximum Levels, Economic Order Quantity and the Minimum Order Quantity. The reorder report has the ability to group order items by Preferred Vendor facilitating the reorder process.

Sample Inventory Qua	Company untity Summary									Pag	e 1 of 1
Number	Description	On Hand	Sales Order	Purchase Order	Min Order QTY	WIP	Economic Order	Min Order QTY	Min Leve	Max Level	To Order
15200000 In	ventory A										
Invitem	Inventory Item	998	1	1234	200	-	20	200	400	2000	-
NewOrdertte	New Order Item	-20	40	-	100	-	20	100	10	200	140
m											



Quick Order Form

Regarded as one of Palladium's best kept secrets, the Quick Order Form has all the functionality of the Inventory Reorder Report and more, and allows you to select the items for reorder within a Vendor Purchase Order, allowing you to filter on only those items purchased from a specific Vendor.

👜 Purchase C	Order													_	\Box \times
<u>F</u> ile <u>E</u> dit	<u>V</u> iew <u>N</u> avi Open « »	gate <u>P</u> urchase	es <u>R</u> eport Convert 🚰 Copy SC		Proj	iect 🌐 Attach Fi	les ∣ij⊒ Lines ∣ 🖉 e-	Submit 🔔 (hange Vendor			🂰 Re	cord	Print 🔸	1 🛛 🍇 🛛 📆
Vendor:			Ship To:			PURCH	ASE ORDER						_		
TST001		60	😨 Order Form									\times	ber:	PO-000000	003
Abercrombie 65 Arrow Stre	Hardware		Filter by Vendor:	< < ALL Vend	dors>>	~	Selling Pricelist:	REGULAR		~				01 March	2016 ~
London SW UK	Purchase Order Ile Edit View Navigate Purchas New 20 Open 1 20 20 20 20 20 20 20 20 20 20 20 20 20	Filter by Category:	< <all cate<="" td=""><td colspan="2">ALL Categories>> V</td><td>Location: I</td><td colspan="3">DEFAULT</td><td>😘 Re</td><td>efresh</td><td></td><td>08 March</td><td>2016 ~</td></all>	ALL Categories>> V		Location: I	DEFAULT			😘 Re	efresh		08 March	2016 ~	
			Number	Available	On Order	Reorder Point	Sales MTD Last Mon	th Last 365 Da	vs QTY TO ORDER	PRICE /	BUY UNIT	Last Pri		L	
			Invitem	997	1,234	400	0	0	0 0		23.00				
Documer	nt Items	Docume	NewOrderItem	-60	0	10	20	0	20 140		0.00		m Eng	uiries	v Images
Number	Locatio	n Descript													Amount
														÷	0.00
Status:			~										÷ (0.00	0.00
Department:	- None -		< <									>			0.00
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JL: Combined T	ransaction 👻	9. Copy Purcha	se pocuments +		icenses are se	top and now you	i tendor enarges you.							a Same	ole Company .

Bulk Reorder Form

This is a new feature that allows you to load all items for reorder (per location) and create mass Purchase Orders from one screen. Note that this feature is only applicable where reordering is done at a per Inventory Location (Store) level. Below is an example of the Inventory Reorder Form. Once complete you will select the Generate Purchase Order

PURCHASI	E REORDER											- C	I X
File Navigate	Report Open < 🚿								🂰 Generate I	Purchase Orc	lers 📄 Prir	nt ▼ 1	že 📅
					REO	RDER							
DEFAULT	×	Location	~			Outstanding	g Invoices:		R 0.00 E	Doc Number:	RO-000000	001	
Sample Comp	pany v Pood	Company	(O): Locat	ion		Open Order	rs:		R 0.00 C	Date:	2016-02-29	9	
Cnr Lake View	v & Hubbard Streets	DEFAULI		Ŷ		Open Requi	isitions:		R 0.00 R	lequired:	2016-03-07	7	
South Africa	g duticing 1201	In Load				Credit Used	i:		R 0.00 R	eference #:			
		Load							A	dditional Info	Jonatha Sco	ott	
Document Items	Document Notes								Purchase History	😢 Item Enqu	iries 🛛	Wiew Ima	iges
Number	Description	Vendor	Required Qty	Buy Ratio	Purchase Qty	Unit	Pi	ice Discount %	Tax Cod	e	Tax Rate		Amount
bicycle	Bicycle	TST002	0.00	1.00	210.00	EA	46	.00 0.00	02		1352.40		9,660.00
Invitem	Inventory Item	TST004	0.00	1.00	921.00	EA	23	.00 0.00	0 02		2965.62		21,183.00
Warehouse: Di	FEALUIT Available: 997.00 Sales Order: 1	00. On Hand: 998.00	Purchase Order	1 234 00									
en la	LI AULI - Available, 557.00 Sales Ordel, 1.	.00 Off fiand. 550.00	Furchase order.	1,234.00									Variance in 9
Status:	~								Last Purchase Unit Co	ost: 🜩	0.00		0.00
Department:	1000 Sample Dept 1 v								Moving Average Cos	it: 🗘	0.00	\$	23.00
Terms:	End of Following Calendar Mont ${\scriptstyle \lor}$								Standard Cost:	-	0.00	•	23.00
												@ Samp	ole Company

