

INVENTORY

AUTO ORDER

Application Requirements

The RSI_StatStock application needs to be installed and configured. This is an application that should be linked in the server's Windows Task Manager to execute every evening.

Company Configuration - Stock Management Configuration

The following needs to be configured in BPO:

- i. The [Usage Based](#) check box must be selected.
- ii. The [Auto Generate](#) check box must be selected.
- iii. The [Averaging Period](#) must be set to the number of periods (months) over which the system will calculate average values from the stock transactions.

Inventory Configuration - Stock Control

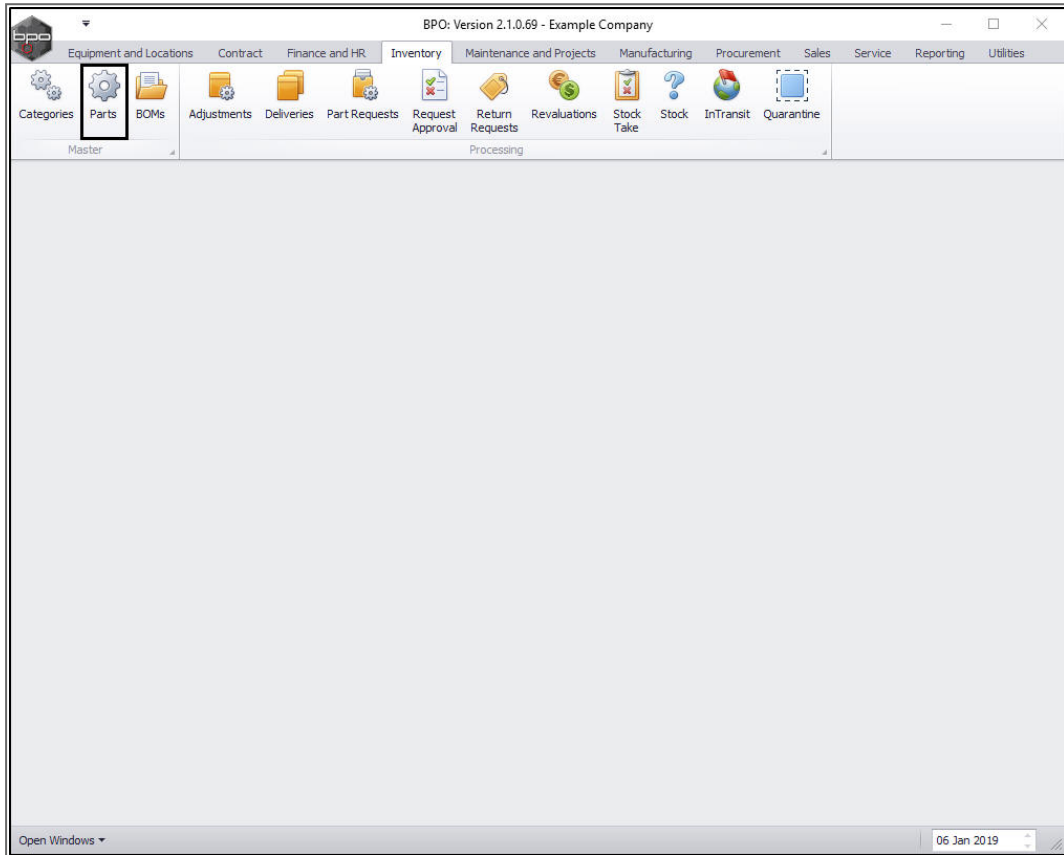
The following needs to be configured per inventory item that needs to be auto reordered:

- i. The **Re-order Method** needs to be set-up as **min/max** and a min and max **stock quantity** needs to be captured.
- ii. The **Days in Stock** field needs to be inputted with the number of days demand that the stock level is required to meet. i.e. if enough stock on hand is required for **10** days in advance then input a value of **10**.
- iii. The **Auto Order** field needs to be **checked** (ticked) if the stock item is to be auto reordered. If this is unchecked the

system will exclude this item when calculating reorder levels.

Each inventory item that needs to be **auto reordered** must be configured.

Ribbon Access: *Inventory > Parts*



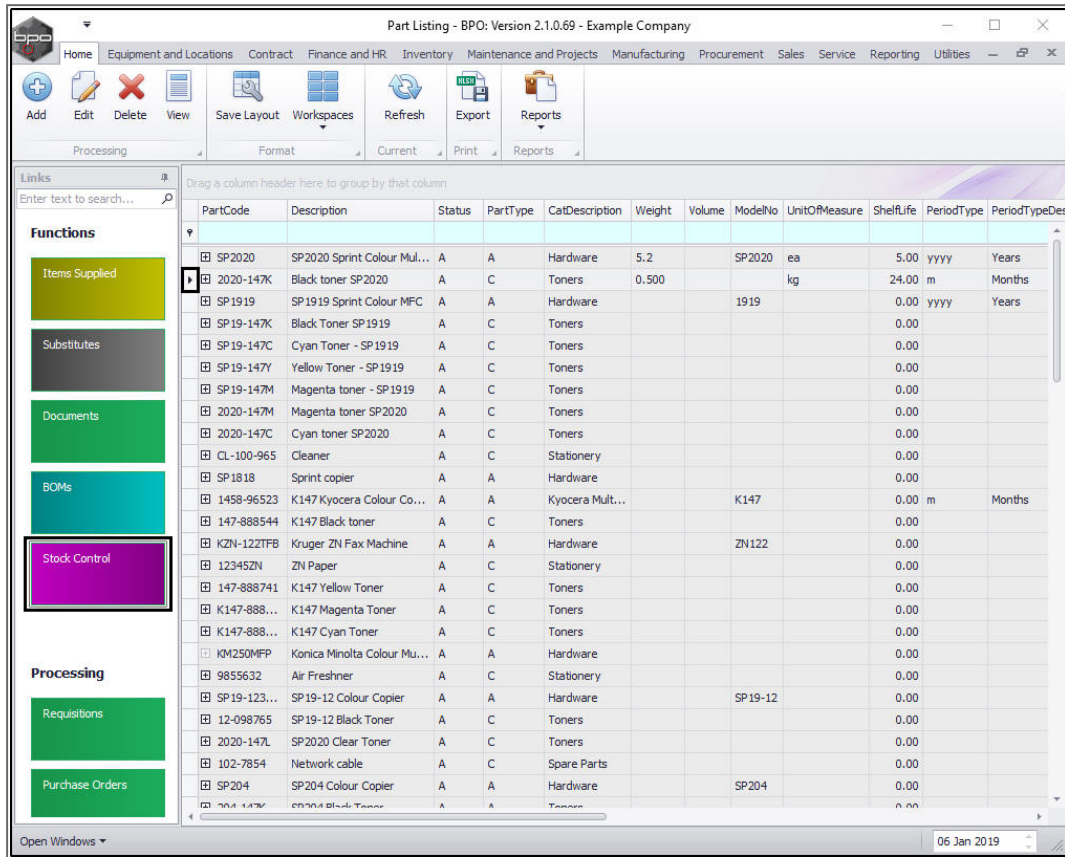
The **Part Listing** screen will be displayed,

SELECT PART

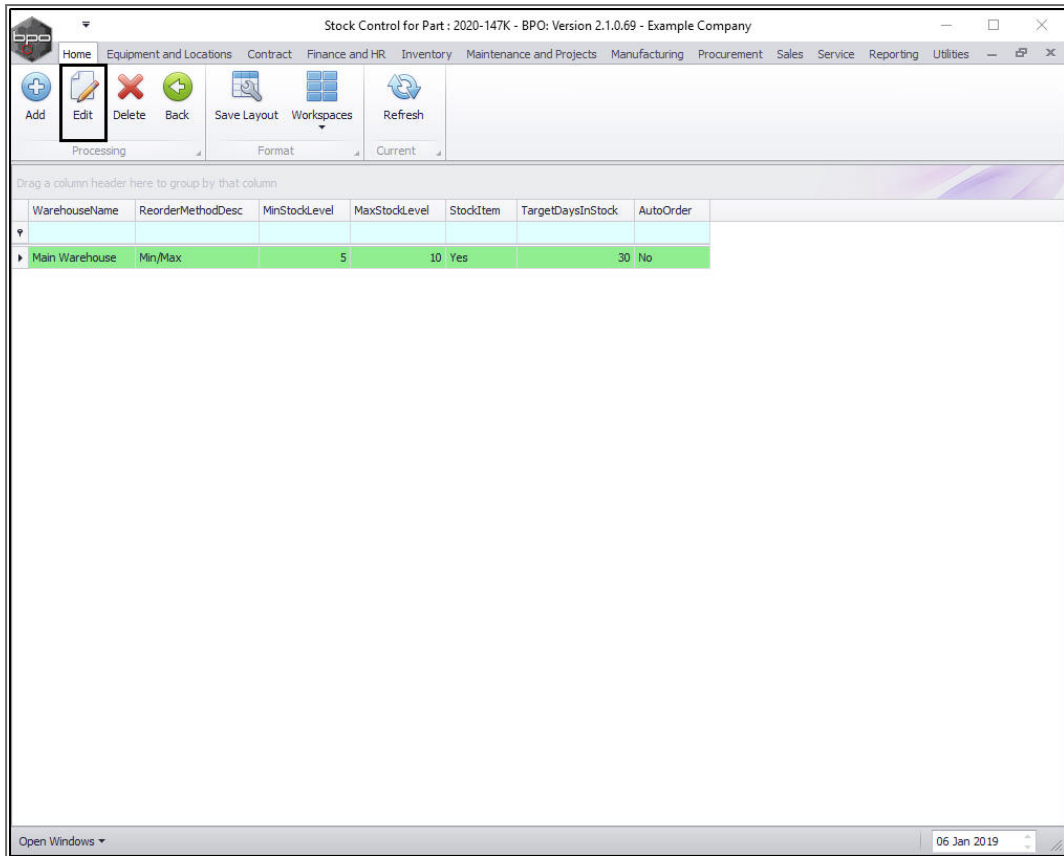
- Select the **row** of the **Part** that you wish to configure.

SELECT STOCK CONTROL

- Click on the *Stock Control* tile.



- The *Stock Control for Part: []* screen will be displayed.
- Click on *Edit*.



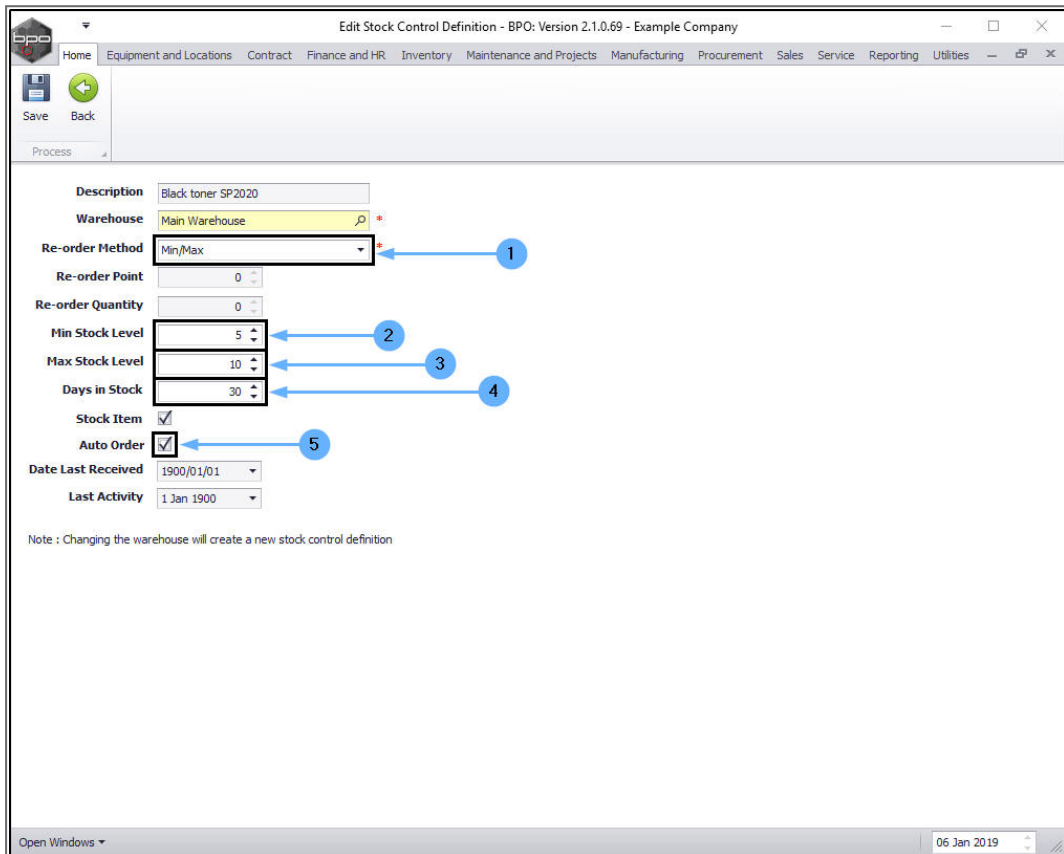
WarehouseName	ReorderMethodDesc	MinStockLevel	MaxStockLevel	StockItem	TargetDaysInStock	AutoOrder
Main Warehouse	Min/Max	5	10	Yes	30	No

EDIT STOCK CONTROL TO AUTO ORDER

The *Edit Stock Control Definition* screen will be displayed.

1. **Re-order Method:** Click on the drop-down arrow and select **Min/Max**.
2. **Min Stock Level:** Click in this text box and either type in or use the arrow indicators to select a **minimum** stock level quantity.
3. **Max Stock Level:** Click in this text box and either type in or use the arrow indicators to select a **maximum** stock level quantity.
4. **Days in Stock:** Click in this text box and either type in or use the arrow indicators to select the **number of days demand** that the stock level is required to meet.

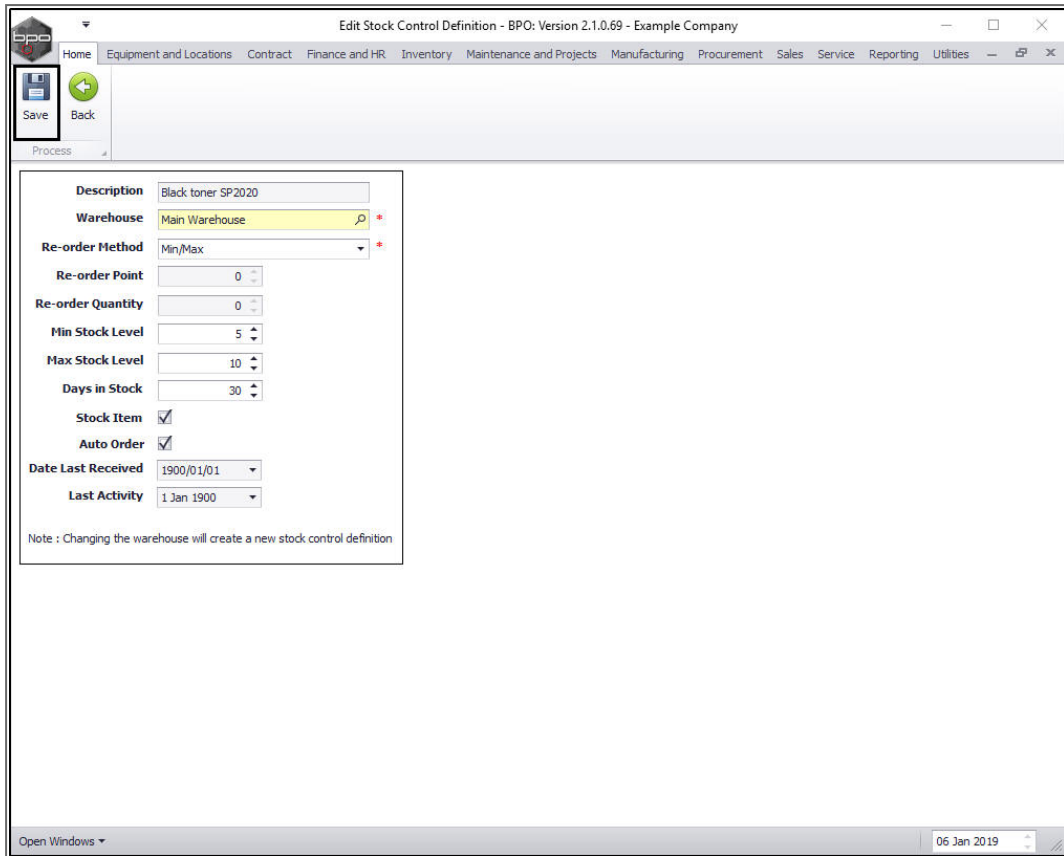
- **For Example:** If enough stock on hand is required for **10** days in advance then input a value of **10**.
5. **Auto Order:** The auto order field needs to be **checked** (ticked) if the stock item is to be auto reordered.
- (If this is un-checked, the system will exclude this item when calculating reorder levels



The screenshot shows the 'Edit Stock Control Definition' window for 'Black toner SP2020' at 'Main Warehouse'. The 'Re-order Method' is set to 'Min/Max'. The 'Min Stock Level' is 5, 'Max Stock Level' is 10, and 'Days in Stock' is 30. The 'Auto Order' checkbox is checked. The 'Date Last Received' is 1900/01/01 and 'Last Activity' is 1 Jan 1900. A note at the bottom states: 'Note : Changing the warehouse will create a new stock control definition'.

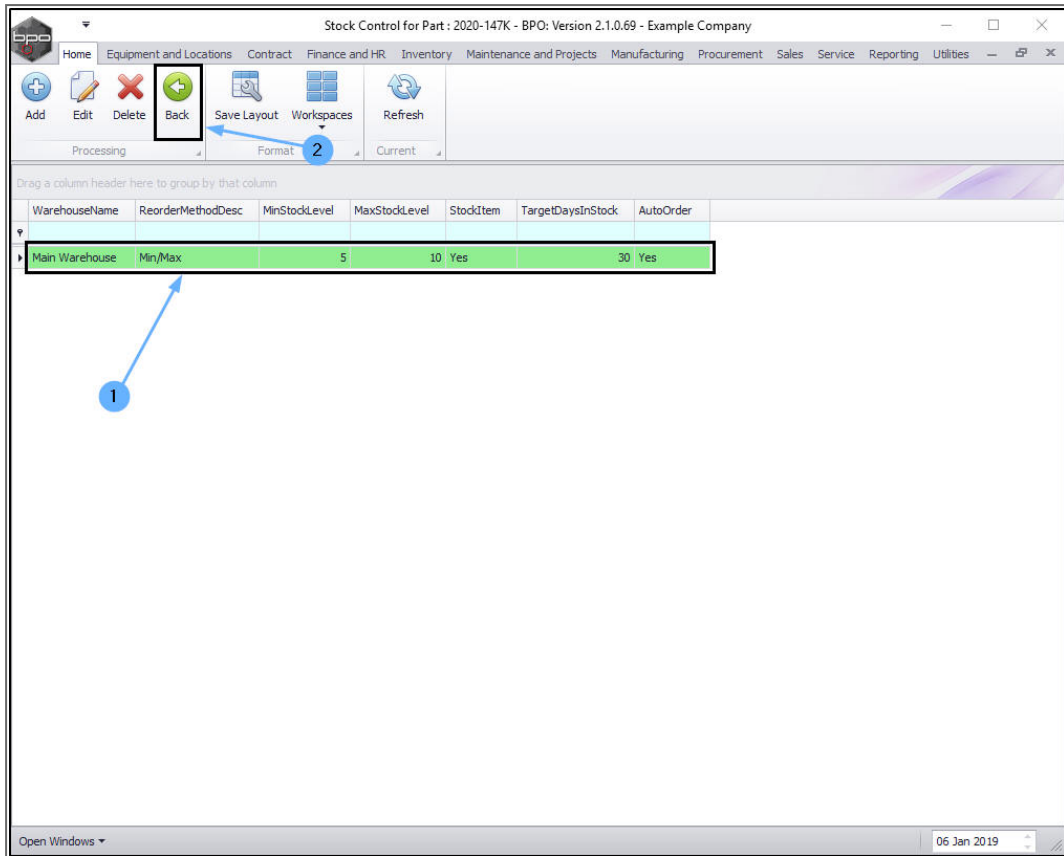
SAVE CHANGES

- When you have finished editing these details, click on **Save**.



VIEW STOCK CONTROL DETAILS

1. You will return to the **Stock Control for Part: []** screen where you can now view the saved stock control details.
2. Click on **Back** to return to the **Part Listing** screen.



SYSTEM CALCULATION FOR RE-ORDERING

How does the system calculate the reorder quantities?

The system takes the following factors into consideration when calculating the optimal reorder quantity:

- The current stock on hand.
- Average daily usage calculated over the averaging period.
- The lead time from order to delivery.
- Target days in stock required.

The following is an example:

Inventory Item ABC123:	
Averaging Period	6 periods

Current Date	1 June 2013
Lead time from supplier	5 days
Current Stock on Hand	320
Target days in stock	25
Transactions:	
Receipt - 1 Jan 2013	1000 items
Issue - 20 Jan 2013	200 items
Issue - 2 Feb 2013	100 items
Issue - 5 Apr 2013	380 items

From the above data the order quantity will be calculated as follows:

Average Usage per day	Total Qty (all issues, transfers and returns in averaging period / no. of days between the above transactions)	(680 / 94)	7.23
Target Quantity	Target Days in stock x Average Usage per day	25 x 7	175
Current Days Stock Holding	Stock on Hand / Average Usage	320 / 7	45.71
Date which Min Stock Level will be Reached	Target Quantity / Average Usage (If no Target Quantity then uses Min Quantity)	175 / 7 = 25 days from now	26 June 2013
Delivery Date	Today plus Lead Time	1 June + 5 days	6 June 2013
Optimal Order Qty	Average Usage x (lead time + days difference between date min stock reached and delivery date)	7 x (5 + 20 days)	175

A purchase requisition will be created for 175 items.

Important Notes:

One purchase requisition is created *per warehouse* with multiple line items per part code. The purchase requisition can be amended and line items can be deleted or edited.

The supplier on the purchase requisition will be the **primary supplier**¹ on the inventory item.

When calculating the reorder quantity the system does not take into consideration existing purchase requisitions or purchase orders. It is important to check that a purchase requisition / order does not already exist for an item before approving a new requisition. (Make sure you run the stock obsolescence report to ensure **stock with no usage** is not ordered).

If there has been no usage on a specific item for the averaging period and the item is set to auto reorder and the quantity on hand is less than the minimum quantity a requisition will be created to replenish the item to the minimum quantity. It is therefore important not to set items that are not being used to auto reorder or change the minimum quantity to zero.

The system will also check that the order quantity is not less than the minimum order quantity with the supplier and amend the order quantity accordingly.

The system will also check the **units of purchase** from the supplier. If the optimal reorder quantity is **80** and the units of purchase from the supplier are **50** a requisition will be created for **2 x 50 = 100** items.

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¹This will be the supplier that you regularly buy a particular part/item from. The primary supplier is linked to the part definition. Any purchase requisitions raised for this part definition will be created with the primary suppliers details linked. The purchase requisition can be edited to link an alternative supplier, if required.

