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Part of How-To Series:  
*Good Inventory Practices*

For further information on Integrated Management Solutions and our **FoodConnex** software and services, call **1-800-366-3836** ext **18**, email [sales@foodconnex.com](mailto:sales@foodconnex.com), or visit our website [www.foodconnex.com](http://www.foodconnex.com)

## Food Connex Inventory Procedures Good Inventory Practices

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### ***What can I do to make tracking and reconciling my inventory more efficient and effective?***

Although Food Connex provides tools and procedures to keep your inventory counts accurate, nothing works better than good, solid **internal** inventory procedures.

**Start by taking the time to set items up in a way that works for you and with Food Connex.**

**Stocking Units of Measure** should be defined to accommodate the way you store the inventory in your warehouse.

If you receive an item in cases, but break the cases to store on your shelves, then the stocking unit of measure should be eaches. If you store the item in cases, then the stocking unit of measure should be cases.

If you value an item in pounds, but receive and store it in cases, then make your stocking unit of measure cases, not pounds. Set the billing unit of measure up as pounds. Your inventory valuation report will value an item by the pound if that is how it is costed and priced; a Stock Status report will show you how many pounds you have in stock.

***It is highly recommended by Integrated Management Solutions that you NEVER set up the stocking unit of measure as pounds. Although Food Connex allows you to do that, we suggest eaches and cases because they will force consistency when processing inventory transactions through the system.***

**Standard Weights** should be accurately defined for all items. Remember that weights are used for more than billing purposes and should be entered even if an item is not sold or billed by the pound. If you are interested in seeing accurate weights on load reports, the standard weight for all items should be entered into the system.

**Case conversions** should be accurately defined for all items. The most effective method of defining case conversion is by telling the system how many eaches are in a case, with the following exceptions:

If an item is a bulk item that is sold by the pound, you may want to define the number of pounds in the case.

If a case cannot be broken, define the number of eaches in the case as 1 (one). This way you will not be able to sell, receive, adjust, etc. this item in any but the stocking unit of measure.

If the number of eaches in a case is variable, based on weight or size, enter the average number of eaches you get in a case, much the same as you enter the average weight for a catch weight item.

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### ***What can I do to make tracking and reconciling my inventory more efficient and effective?***

Continued

#### **Follow-up by processing inventory transactions in a logical, timely manner**

Enter and Post Inventory Transactions, Order Entry Invoices and Purchase Order Receipts on a daily basis. As stock moves through your warehouse, so it should move through the Food Connex Inventory Transaction History Files. Food Connex will show you the history in the sequence in which it was posted.

If you receive 48 hams into stock on May 17, those hams will immediately be available for sale. But if 17 hams are sold before you remember to post those ham receipts on May 28, your history will show the sales transactions before your receipt transaction when you look at the inventory movement or reconciliation screens or report.

#### **Enter Driver Returns in a logical, timely manner**

Driver returns probably occur on a daily basis. These returns may be for a variety of reasons, and you may or may not want to put the returns back into stock.

##### **Customer Returns**

Customer returns should be entered through the Order Entry process as Credit Memos. Each return will require you to enter a code defining the reason the product was returned, and whether or not the item should be put back into stock. Accurate entry of this information will help keep your inventory in balance.

##### **Non-customer Returns**

Drivers may also return product from their trucks that was never sold for a variety of reasons – damage, spoilage, etc. If the product is NOT returned to stock, a stock adjustment must be made to reflect the loss.

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### ***What can I do to make tracking and reconciling my inventory more efficient and effective?***

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**Whenever possible, use eaches and cases when processing inventory. If that is not possible, then pay attention to weight deviation warnings.**

When processing inventory transactions, pay attention to the weight deviation warnings. They are there to tell you that the catch weight of an item entered by the user is unacceptable. It may be easier to only worry about weight when dealing with catch weight items, but remember: Food Connex establishes a relationship between cases, eaches and pounds.

If the hams received above have a standard weight of 8 LBS, and there are 4 hams in a case, if you received 48 hams into stock it is most likely that you received 12 cases of 4 hams each. However, if you are more focused on the weight than the number of hams you received, and receive the hams as pounds, or an inaccurate number of cases with an accurate number of pounds, your inventory counts may become skewed.

Let's say this is a catch weight item and you received 392 pounds of ham. The system will calculate the number of eaches based on the standard weight of the hams. If you divide the 392 pounds received by a standard weight of 8 pounds, the system will assume that you received 49 hams, or 12.25 cases. But you really received 48 hams, or 12 cases.

Now, let's say that you sell the hams by the each or the case, because that is how you customers order them.

	CASE	EACH	POUNDS
You start with	12.25	49	392
You sell 11 hams	2.75	11	90
You should have	9.50	38	202
You Count your stock	9.25	37	202

Although your pounds are correct, you can see the system will tell you that you still have a ham in stock when in fact they have all been sold!

# Food Connex Inventory Procedures

## Good Inventory Practices

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### ***What can I do to make tracking and reconciling my inventory more efficient and effective?***

Continued

#### **Do regular cycle counts on high volume or high value items. Do a complete Physical Inventory count at least once a year.**

For high volume items, there is a greater possibility of inaccurate stock counts due simply to the large number of transactions against that item – entry errors and missed transactions are more likely to occur. It is much faster to find an inventory problem that occurred in the last 30 days than to try to reconcile back to an item that was last counted months ago.

Food Connex creates a physical inventory freeze, allowing you to ‘freeze’ the computer count, count your warehouse, and then start processing again before you have actually entered the counts into the system.

When you enter the Physical counts, the system will calculate the quantity to adjust to bring the computer counts back into balance with the physical warehouse count. Two transactions are created every time you post your physical inventory counts:

#### **Zero** (computer generated)

This transaction type will set the item count back to zero. The quantity associated with the adjustment will reflect the in stock quantity when you ran the freeze. Zero inventory transaction types give the system and the user a starting point when reconciling inventory counts.

#### **Physical Adjustment** (computer generated)

The physical adjustment reflects the count entered on the Physical Count Review screen. *For example, to correct the computer count for those hams on the previous page*

	CASE	EACH	POUNDS
Computer count is	9.50	38	202
You Count your stock	9.25	37	202

*The inventory transactions created by entering and posting the physical counts would be as follows:*

ZERO	-9.50	CS	<i>Sets the computer count back to 0 (zero)</i>
ADJ	9.50	CS	<i>Adjusts the computer count back into stock.</i>
ADJ	-.25	CS	<i>Adjusts the 1 ham (.25 CS) out of stock to reflect the difference between the computer count and physical count.</i>

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**Always exit Food Connex screens logically.** Never use the CTRL-C key code combination or close your Multiview Window using the >x= in the upper right hand corner of your screen.

**Always Quit the Food Connex application** at the end of the day or when leaving your workstation for a long period of time. As well as being a security issue, this will ensure that you do not leave your screen in a critical area where an illogical exit will jeopardize the integrity of your data.

**Check your registers for accuracy.** Before posting inventory or order entry invoice posts, please take the time to check your registers for accuracy. It is a lot easier and more accurate to post correct data than to try to go back in time to fix it.

**Make sure that your posts run to completion.** After a post is done, it should return you to the menu system or post screen. If it does not, or if any unexpected message is displayed on the screen, call Integrated Management=s Food Connex support for assistance.

**Make sure that your posts balance to the dollar amounts on your registers, and have a 0 (zero) proof.** If you need assistance in understanding your registers and posts, call Integrated Management=s Food Connex support for assistance.

**If you are not a Food Connex customer and would like to learn more about Food Connex features and capabilities please contact our sales team at 1-800-366-3836 ext. 18 for further information.**