



ToolTrakka Bulletin

Managing Inventory of Consumables

ToolTrakka helps you manage the issue of consumables. Proper management of consumables allows you to get some level of control over the costs of such items. It is sometimes quite amazing how the consumption of consumables can really get out of control. I had a discussion with the manager of a coal mine site some time ago and he made the following statement... "I don't know how much stuff we are losing but we did a small study on the consumption of safety glasses. Do you know how many pairs of safety glasses we consumed last year? You may not believe it but it was 8,000 pairs – and we only have 320 workers on this site". This is what I would call a system that is really out of control.

When it comes to consumables there are three courses you can take...

1. We just want to record all issues and returns of consumables and be able to monitor the consumption. We don't want to actually manage the inventory in the toolstore.
2. We want to record all issues and returns of consumables and want to be able to manage our store inventory but we don't want to fully manage a complete purchasing system
3. We want to record all issues and returns of consumables and want a complete inventory management system with the ability to place orders, receive goods and monitor our stocks in real time.

Each of these strategies constitutes a valid course. In item one the supply of consumables to the tool store may be managed by a legacy suite of ERP or other purchasing software system and the responsibility of managing inventory may rest with employees remote from the toolstore. In this situation you probably just need your consumable management system to record items issued and items returned. The quantity of items in stock may possibly be of no interest.

Even if you do want to closely manage your consumable inventory you may decide that the amount of effort required to manage purchase orders and goods receipts may be overkill and you would rather just have a simple system that will take little time for your store staff to manage.

Alternately, you may want to institute a complete inventory system that gives you the advantage of managing your inventory in a fully professional manner. Such a system would give you powerful, convenient facilities such as purchase order creation, management of goods receipts and min/max/reorder point automatic requirements control.

Whichever strategy that you choose it is comforting to know that ToolTrakka can fulfil your needs. The following gives you an overview of how you can implement your consumable strategy of choice.

Simple consumable issue and reporting (ie no direct inventory management)

This choice is simply fulfilled in ToolTrakka by the software allowing inventory to go to negative levels. Each time you issue consumables (either to an employee, to a job, to a container or to a third party contractor) ToolTrakka will deduct the quantity issued from your inventory records. Of course, any items returned to stock will be added to inventory. In the case of an issue ToolTrakka does not care if

the inventory of the item being issued goes negative. It does not stop, complain or prevent such a transaction. Of course this means that no inventory records have any validity. You cannot value your stock, see what stock you have of any item or perform any inventory cost reporting. You will, of course, be able to report on all issues and returns including costs (example for job costing).

Inventory management via adjustments

If you want to choose approach two (above) ToolTrakka facilitates this through its 'inventory adjustments' capability. You may want to take this option if your purchasing is handled by a separate purchasing office. In this case any purchase order that would be created by ToolTrakka would not fit into your standard business processes. In this situation you create purchase requisitions (the same way that you always have – not via ToolTrakka) requesting the purchasing officer to do the buying. When the goods arrive you open the 'inventory adjustments' system in ToolTrakka and record the receipts. This makes it a simple system requiring just a single transaction record at time of receipt – which is quick and simple. In addition it does not interfere with your purchasing system.

'Inventory Adjustments' can also be used to handle changes due to errors disclosed by stocktakes, audits and actual counts. The screen image below shows the 'Inventory Adjustments' system. All you have to do to create an entry is to choose the item from the left hand drop down, enter the quantity (a positive number for a receipt to increase inventory or a negative number to adjust inventory downwards), enter a date (this will default to 'today' so most of the time you can just ignore it) and, optionally, enter a comment describing what has been done.

Consumable Item	Adjustment Qty	Date	AdjustmentComment
▶ 01-2305583 - Straw Broom ▼	-2	10/03/2006	test 4
100456 - Wire Cutters Size ▼	5	10/03/2006	test2
100456 - Wire Cutters Size ▼	2	10/03/2006	test
2345 - Masonry Cutting Wh ▼	5	18/07/2006	
2323232 - test ▼	5	21/08/2009	hghfg fg
100456 - Wire Cutters Size ▼	3	24/11/2009	
100456 - Wire Cutters Size ▼	2	09/03/2010	
* ▼	0		

Using this system you get all the benefits of full inventory control and costing. You can view and manage your consumable inventory and run min/max/reorder reports. All this without your employees having to go through a complete order processing facility.

Using ToolTrakka's complete inventory and purchasing system

If you want a complete, self-contained, inventory system you will find all you need in ToolTrakka. Your employees can create purchase orders, receive goods against these orders, cancel orders and generally manage the entire purchasing and inventory system.

A sample order is shown below...

Purchase Order

OrderPrefix: Supplier: Bonds Workware

OrderNo: 1 Suite 6 Rockdale NSW 2216

Date: 08/07/2011 Phone: 02 9553 2445 Fax: 02 9645533 Printed: ☐ Cancelled: ☐

Item	Qty Ordered	Price	Qty On Order
Click the 'Receipt' button to record a receipt against this line			
Receipt PN 05436	5	\$0.00	-5
Receipt PN 05436	20	\$0.00	-5
* Receipt			

With each order an order number is generated by ToolTrakka (you can specify the first number to use so that ToolTrakka fits in with your current system when you start up). You then select a supplier¹. ToolTrakka automatically fills in the general details about this supplier and populates the drop down lists in the main body of the purchase order with the items that this supplier is qualified to supply. You just select the items that you want to order, fill in a quantity and optionally an expected/quoted price. For your convenience ToolTrakka will scan all other orders on the system and display any quantity of the selected item that is already on order.

ToolTrakka considers that an order is 'issued' to your supplier once it is printed (see the checkbox above). Once the order is issued you cannot add any new items to it. You can, however, amend the quantity of any line item. Also you cannot receive and goods for an order if it has not yet been issued to a supplier (ie printed).

Once an order has been issued and goods begin to arrive the receipts can be recorded against the order. When you click the 'receipt' button next to any order line item the 'Receipt' dialog will be displayed (see below). Here you can record the receipt by entering the quantity received and the price. Multiple receipts against any order line item are acceptable.

¹ ToolTrakka employs a 'qualified supplier' system which allows you to specify multiple suppliers for any item. You can, therefore, obtain quotes for your needs and place orders with the successful bidder

The image shows a software dialog box titled "Enter a receipt". It has a standard Windows-style title bar with a close button. Inside the dialog, there are two labels with corresponding input fields: "Qty. Received" and "Price". The "Price" field contains the text "\$0.00". To the right of these fields are two buttons, "OK" and "Cancel", arranged vertically.

Operating in this mode gives your store personnel complete control over their own destiny. Inventory is managed in a professional manner with order receipts and returns being added to inventory and issues processed elsewhere in ToolTrakka being deducted from inventory. Of course, the 'Inventory Adjustment' system is there to allow you to manage discrepancies disclosed by stocktakes, audits and so on.

With regard to costs of inventory items ToolTrakka maintains a average cost system where additions to inventory are assigned an average cost by merging the cost of incoming items with the cost of those items currently in stock. The last cost is maintained so it can be monitored.

In providing three levels of optional inventory control in ToolTrakka we have endeavoured to provide you with the most flexible system possible. You can completely ignore inventory control, or you can gain some modicum of inventory control with the minimum of employee effort or you can build a complete, fully, professional system providing full purchase order creation, a wealth of control and reportable information.

Just a final note.

We have found that most, if not all, of our users who want to use the complete purchasing system still need to integrate the actual purchasing with their company purchasing facility. For this reason, in the upcoming ToolTrakka V7 release, we have modified the purchasing system to become a formal 'Purchasing Request' system. In this version the printed 'purchase order' becomes a 'Purchase Request' that is forwarded to the purchasing department for action as a 'real' order. Until this version is released there is no reason why you cannot use the current system in this mode. The only minor issue is that the purchasing request from ToolTrakka actually looks like a full purchase order instead of a 'purchase requisition'.