

Following an Example of Inventory Flow

Last Modified on 10/23/2023 5:06 pm EDT

This guide walks through aACE's seven-step inventory flow. It is intended for advanced users.

After you [configure aACE for inventory tracking](https://aace6.knowledgeowl.com/help/setting-up-inventory-tracking) (<https://aace6.knowledgeowl.com/help/setting-up-inventory-tracking>), it can display inventory counts and values in real time. You will see values and counts change in the various modules as stock is ordered, received, shipped, etc.

aACE processes include a seven-step inventory flow, focused on line item codes (LICs) and inventory lots:

1. [Line Item Code Screen Before Purchasing Inventory](#)
2. [Line Item Code Screen After Purchasing Inventory](#)
3. [Inventory Lot After Receipt and Payment of Inventory](#)
4. [Line Item Code Screen After Sales Order is Opened](#)
5. [Orders Against Hake Brush Inventory](#)
6. [Line Item Code Screen After Replenishing PO](#)
7. [Hake Brush Inventory Lot Allocation](#)

As an example here, we trace how the system uses this workflow and the Last-In-First-Out (LIFO) method to track inventory for an inventoried item – the paint brush value pack.

1. Line Item Code Screen Before Purchasing Inventory

At first, the Inventory Management tab shows that no inventory exists for this pack of brushes. However the Target field is set to 50 and the Replenish Balance is 10. These settings mean that any time the inventory balance for this LIC is 10 or less, aACE will automatically generate a purchase order that will [replenish the balance](#)

<https://aace6.knowledgeowl.com/help/configuring-inventory-replenishment-for-purchased-items> to the target of 50.

Line Item Codes

Record: 493 of 493

Code: VAL-BRUSH | Value Pack of Paint Brushes ACTIVE

Inventoried Item Setup Notices Tasks Emails Docs

General Info

Type	Est Unit Cost	Price
Brush	9.00	15.00
Manufacturer	Mfr Part #	MSRP
		0.00

Unit Info

Net Wt	Gross Wt	L	W	H	Est Ship Cost
					0.00
SKU	MOQ	Sale Case Qty	UOM		
			Each		

Default Value for Order Item Add'l Info

Inventory Balances Options Custom Prices Vendors (1) Inventory Management Photos

Inventory Replenishment for Offices

Office	On Hand	Available	Total	% of Target	Target	Replenish	Method	From
> AI	0	0	0		50	10	Procure	
> EE	0	0	0		15	5	Procure	

Default Bins

Office	Default Bin	Return Bin
> AI	C-AI	C-AI
> EE	C-Ed-Elite	C-Ed-Elite

Inventory Replenishment for Independently Managed Bins

Bin	On Hand	Available	Total	% of Target	Target	Replenish	Method	From
	0	0	0					

Inventory Setup

Cycle	Next Serial
<input type="checkbox"/> Track by Mfr Lot	<input type="checkbox"/> Serialized
<input type="checkbox"/> Perishable	<input type="checkbox"/> Discontinued
<input type="checkbox"/> Special Order	<input type="checkbox"/> Drop Ship

2. Line Item Code Screen After Purchasing Inventory

A replenishment purchase order of 50 brush packs is generated and the purchase workflow is completed. These items have been received and are now available for order.

Code: VAL-BRUSH | Value Pack of Paint Brushes ACTIVE

General Info

Type	Est Unit Cost	Price
Brush	9.00	15.00
Manufacturer	Mfr Part #	MSRP
		0.00

Unit Info

Net Wt	Gross Wt	L	W	H	Est Ship Cost
					0.00
SKU	MOQ	Sale Case Qty	UOM		
			Each		

Inventory Replenishment for Offices

Office	On Hand	Available	Total	% of Target	Target	Replenish	Method	From
> AI	50	50	50	100%	50	10	Procure	
> EE	0	0	0		15	5	Procure	

Inventory Replenishment for Independently Managed Bins

Bin	On Hand	Available	Total	% of Target	Target	Replenish	Method	From
	50	50	50					

3. Inventory Lot After Receipt and Payment

The purchase order for the brush packs also generated an inventory lot record (Main Menu > Inventory > Inventory Lots). The inventory lot shows the quantity and value for the number ordered, purchased, and currently in inventory.

Note: No sales orders have been placed against the lot shown here. The total lot value is driven by purchases. If a purchase order had been placed, but then executed with two different purchases on two different dates at two different costs, that total value would show here.

Inventory Lots

Record: 3 of 3

Inventory Lot: 60003 | VAL-BRUSH

Purchase Inventory Lot

General Info

Transaction ID >	Date	Office >	Code >	Code Description	Reference #(s)
PO-60007	08/01/23	AI	VAL-BRUSH	Value Pack of Paint Brushes	

Ordered / Purchased

	Quantity	Each	Value
Ordered	50	9.00	450.00
Purchased	50	9.00	450.00
Purchased Remaining	0		0.00

Ordered / Received

	Quantity	Value
Ordered	50	450.00
Received	50	450.00
Received Remaining	0	0.00

Accrued Inventory

	Quantity	Value
Received	50	450.00
Purchased	50	450.00
Accrued Inventory	0	0.00

Current Inventory

	Quantity	Value
Received	50	450.00
Used	0	0.00
Current Inventory	50	450.00

Inventory COGS

Usage ID	Trans ID	Trans Date	Reference #(s)	Quantity	Act Unit Cost	Total Cost
				Used	0	0.00

4. Line Item Code Screen After Sales Order is Opened

A new sales order for 30 brush packs is created. This demand is reflected as -30 brush packs. The LIC record's Inventory Balances tab shows the remaining 20 as still available.

Line Item Codes

Record: 1 of 1

Code: VAL-BRUSH | Value Pack of Paint Brushes

ACTIVE

Inventoried Item

General Info

Type	Est Unit Cost	Price
Brush	9.00	15.00

Unit Info

Net Wt	Gross Wt	L	W	H	Est Ship Cost
					0.00

Inventory Balances

Office	Bin	On Hand	Demand	Non-Net	Available	On Order	Total	Inst Count
> AI	> C-AI	50	-30	0	20	0	20	

5. Orders Against Brush Pack Inventory

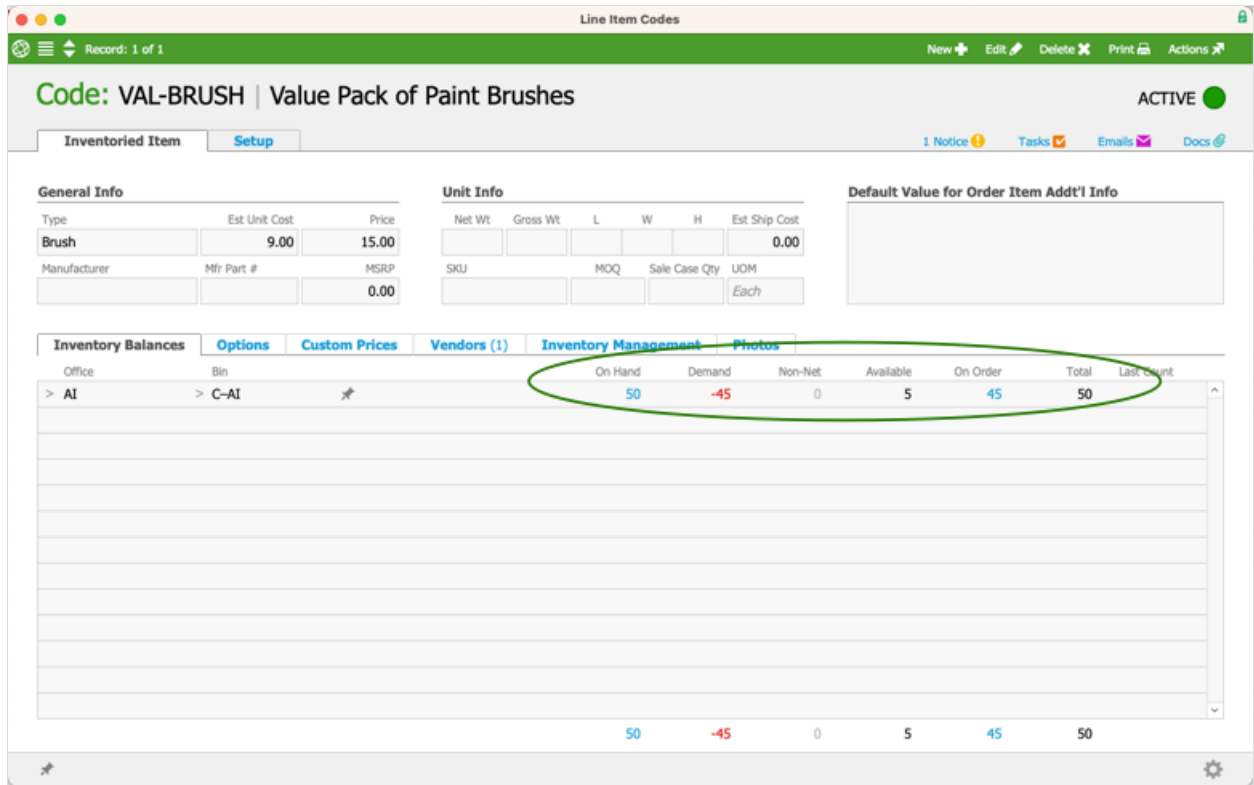
The initial sales order for 30 brush packs, plus a new sales order for 15, are listed on the Order Items module. Neither order has shipped yet, so the 45 brush packs currently remain in inventory.

Code	Description	Ship Date	Order	Customer	Qty	Act Qty	Rem Qty	Total	Status
> VAL-BRUSH	Value Pack of Paint Brushes	08/07/23	> 60007	Palmer Woods	30	0	30	450.00	OPEN
> VAL-BRUSH	Value Pack of Paint Brushes	08/07/23	> 60008	Secaucus School	15	0	15	225.00	OPEN
List Totals					45	0	45	675.00	

This takes the available quantity of the product to 5. Because that is lower than the Target quantity for replenishment, aACE automatically generates a replenishment PO.

6. Line Item Code Screen After Replenishing PO

This screenshot shows the various inventory levels for the brush packs after a replenishing PO has been opened:



- **On Hand** – Displays the number of items in physical inventory
In our example, 50 packs are still in physical inventory because the two orders from step 5 have not been shipped yet.
- **Demand** – Accounts for the 45 packs already assigned to orders
- **Available** – Shows the 5 packs in inventory that are not currently part of an order
- **On Order** – Displays that a purchase of 45 packs is already underway to replenish the total to the Target value
- **Total** – Displays the estimated count of items available in current inventory and on order

7. Brush Pack Inventory Lot Allocation

The inventory lots module now shows that LIFO inventory allocations have been placed against our initial replenishment purchase of 50 units (after the orders have closed and the [COGS process](https://aace6.knowledgeowl.com/help/understanding-the-cogs-reconciliation-process) has run).

Inventory Lots

Record: 3 of 4

Inventory Lot: 60003 | VAL-BRUSH

Purchase Inventory Lot

General Info

Transaction ID >	Date	Office >	Code >	Code Description	Reference #(s)
PO-60007	08/01/23	AI	VAL-BRUSH	Value Pack of Paint Brushes	

Serialized Track by Mfr Lot

Ordered / Purchased				Ordered / Received		
	Quantity	Each	Value		Quantity	Value
Ordered	50	9.00	450.00	Ordered	50	450.00
Purchased	50	9.00	450.00	Received	50	450.00
Purchased Remaining	0		0.00	Received Remaining	0	0.00

Accrued Inventory			Current Inventory		
	Quantity	Value		Quantity	Value
Received	50	450.00	Received	50	450.00
Purchased	50	450.00	Used	45	405.00
Accrued Inventory	0	0.00	Current Inventory	5	45.00

Inventory COGS						
Usage ID	Trans ID	Trans Date	Reference #(s)	Quantity	Act Unit Cost	Total Cost
> 60002	> SHIP-60011	08/01/23	Order #60008	15	9.00	135.00
> 60003	> SHIP-60010	08/01/23	Order #60007	30	9.00	270.00
				Used	45	405.00

aACE uses inventory for sales or production orders sequentially. In the example above, aACE used the inventory from the initial replenishment of 50 units *before* the second, auto-generated replenishment of 45 units. Once all the inventory has been used for the first replenishment of 50 units, aACE will close the inventory lot.

Inventory Lots

Record: 1 of 3

Inventory Lot: 60003 | VAL-BRUSH

Purchase Inventory Lot

General Info

Transaction ID >	Date	Office >	Code >	Code Description	Reference #(s)
PO-60007	08/01/23	AI	VAL-BRUSH	Value Pack of Paint Brushes	

Serialized Track by Mfr Lot

Ordered / Purchased				Ordered / Received		
	Quantity	Each	Value		Quantity	Value
Ordered	50	9.00	450.00	Ordered	50	450.00
Purchased	50	9.00	450.00	Received	50	450.00
Purchased Remaining	0		0.00	Received Remaining	0	0.00

Accrued Inventory			Current Inventory		
	Quantity	Value		Quantity	Value
Received	50	450.00	Received	50	450.00
Purchased	50	450.00	Used	50	450.00
Accrued Inventory	0	0.00	Current Inventory	0	0.00

Inventory COGS						
Usage ID	Trans ID	Trans Date	Reference #(s)	Quantity	Act Unit Cost	Total Cost
> 60002	> SHIP-60011	08/01/23	Order #60008	15	9.00	135.00
> 60003	> SHIP-60010	08/01/23	Order #60007	30	9.00	270.00
> 60004	> SHIP-60013	08/03/23	Order #60009	5	9.00	45.00
				Used	50	450.00

Tips

You can forecast inventory demand using reports from the report pack. Navigate from Main Menu > Order Setup > Line Item Codes > (select desired LIC) > Print > Open Report Selector > Bill of Materials Forecast (All Offices). This is most informative for assembly-type line items.
