

Understanding Inventory Replenishment for Purchased Items

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This guide explains how to use the Target and Replenish Balance fields to automatically maintain inventory levels of purchased goods. It is intended for system administrators.

You can keep stock at just the right levels using aACE's robust automation features — including *automatic* updates in real time for existing replenishment POs (see below for details). These inventory replenishment processes can be coordinated with [backorder management](http://aace6.knowledgeowl.com/help/understanding-backorder-management) features to streamline your operations.

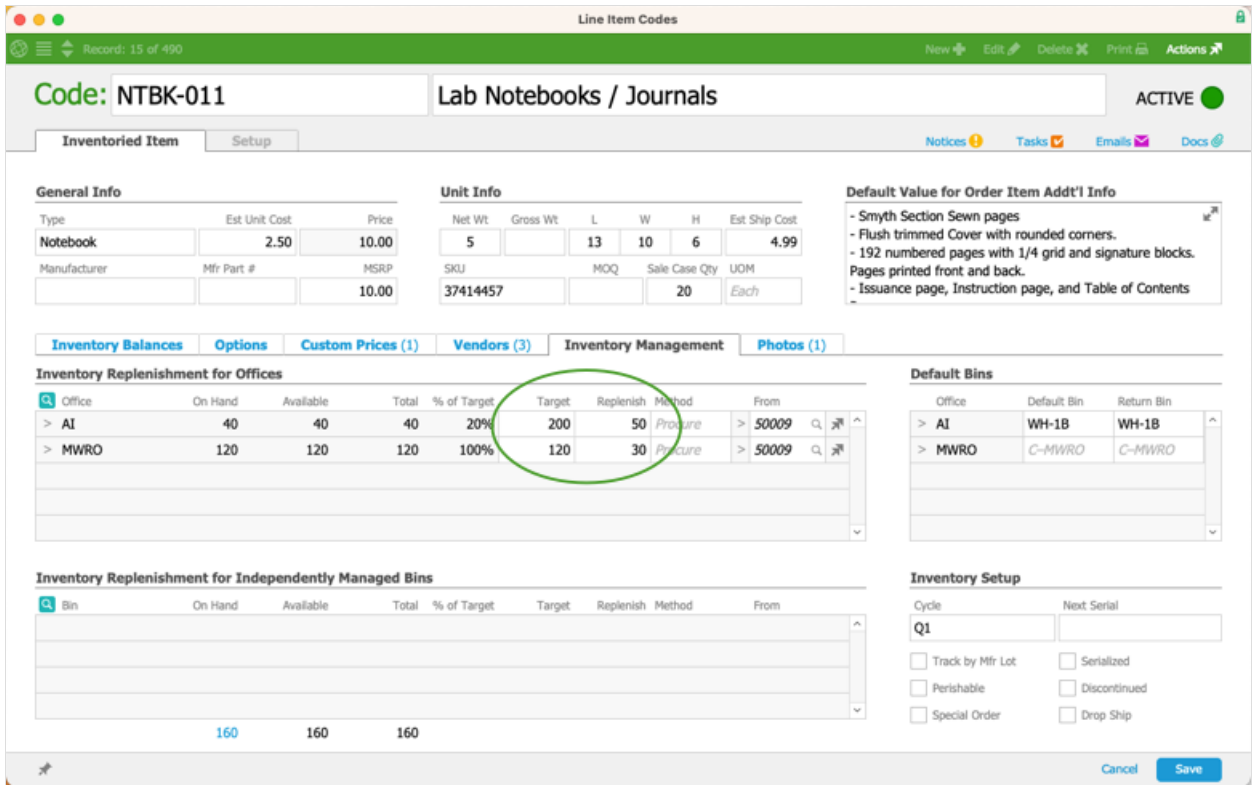
For an example of how aACE's automated inventory replenishment can help your team, read our [feature highlight](https://www.aacesoft.com/resources/stock-the-right-products-at-the-right-time-with-aace-reorder-management).

Configuring your system for [inventory replenishment for purchased items](http://aace6.knowledgeowl.com/help/configuring-inventory-replenishment-for-purchased-items) involves:

1. Setting the Target and Replenish Balance fields on your line item codes (LICs)
2. Configuring the Generate Inventory Replenishment automation schedule in your system preferences.

1. Setting the Target and Replenish Balance Fields

aACE automates your purchased items inventory based on the [settings you enter for an item's Target and Replenish Balance](http://aace6.knowledgeowl.com/help/configuring-inventory-replenishment-for-purchased-items). The relation between these two fields can be summarized as, "When the inventory Total reaches the Replenish Balance level, generate a PO to reach the Target level." These parameters can be customized for each office in your organization that sells the item.



In the screenshot above, the notebook LIC record shows the AI main office Target value set to 200 and the Replenish Balance number set to 50. This tells aACE the maximum number we want on the shelf at any time is 200. When inventory levels decline to 50 or less, the system should automatically generate a purchase order to bring the count back up to 200.

2. Running the Replenishment Process

After you set the Target and Replenish fields, you must [configure the automation schedule](http://aace6.knowledgeowl.com/help/configuring-inventory-replenishment-for-purchased-items) (<http://aace6.knowledgeowl.com/help/configuring-inventory-replenishment-for-purchased-items>) to automatically run the Generate Inventory Replenishment process. This process creates both purchase orders and notices:

- Purchase Orders – aACE generates a purchase order for each LIC that:
 1. Has parameters configured for Target and Replenish
 2. Has a Total balance below the Replenish value



Note: If you use a single vendor to supply multiple offices, aACE will create a separate PO for each office's replenishment. These auto-generated POs are initially assigned the record Type of 'Inventory Replenishment'. You can manually change this type; however, changing the record Type will *remove* that PO from aACE's ongoing, automatic updates (see below).
- Notices – aACE generates a [notice](https://aace6.knowledgeowl.com/help/working-with-notices) (<https://aace6.knowledgeowl.com/help/working-with-notices>) to the

relevant team members. The message summarizes the PO information and provides a Go-To link to the PO(s).

Note: You can customize which team members receive notifications by changing either the specified team in the [Notice Setup module](http://aace6.knowledgeowl.com/help/overview-of-aace-auto-generated-notices) (<http://aace6.knowledgeowl.com/help/overview-of-aace-auto-generated-notices>) or the members on the receiving team in the [Teams module](http://aace6.knowledgeowl.com/help/creating-and-editing-teams) (<http://aace6.knowledgeowl.com/help/creating-and-editing-teams>).

Manually Running the Replenishment Process

You can also manually run the process from two modules:

- Line Item Codes Module
 - To replenish a single item – At the list view, locate that item. Then click line-level Actions () > Replenish Inventory. aACE generates a purchase order and a notice for that item.
 - To replenish a batch of items – At the list view, click module Actions icon () > Generate Purchase Orders for Inv Replenishment. aACE generates POs and notices for each LIC that needs replenishment.
Note: You can quickly locate items that need reorder by clicking the footer link to Find Items Requiring Replenishment.
- System Preferences Module – Click Automation Schedules > Schedule Status, then locate the Generate Inventory Replenishment schedule and click the corresponding Run link on the right side.
Note: The system prompts whether to run the process locally or on the server; for most situations, the best option is to run it on the server.

Automatic Updates to Existing POs

Your inventory levels change continually. Each day, you may have increased inventory from returns or additional demand from new orders. A PO created just a few hours ago might be outdated by the time it's sent to the vendor. To help you manage this business reality, aACE can *automatically* update your inventory replenishment POs.

If the replenishment process runs again while an Inventory Replenishment-type PO is in Pending status, LICs with a changed Total balance will prompt adjustments to the PO:

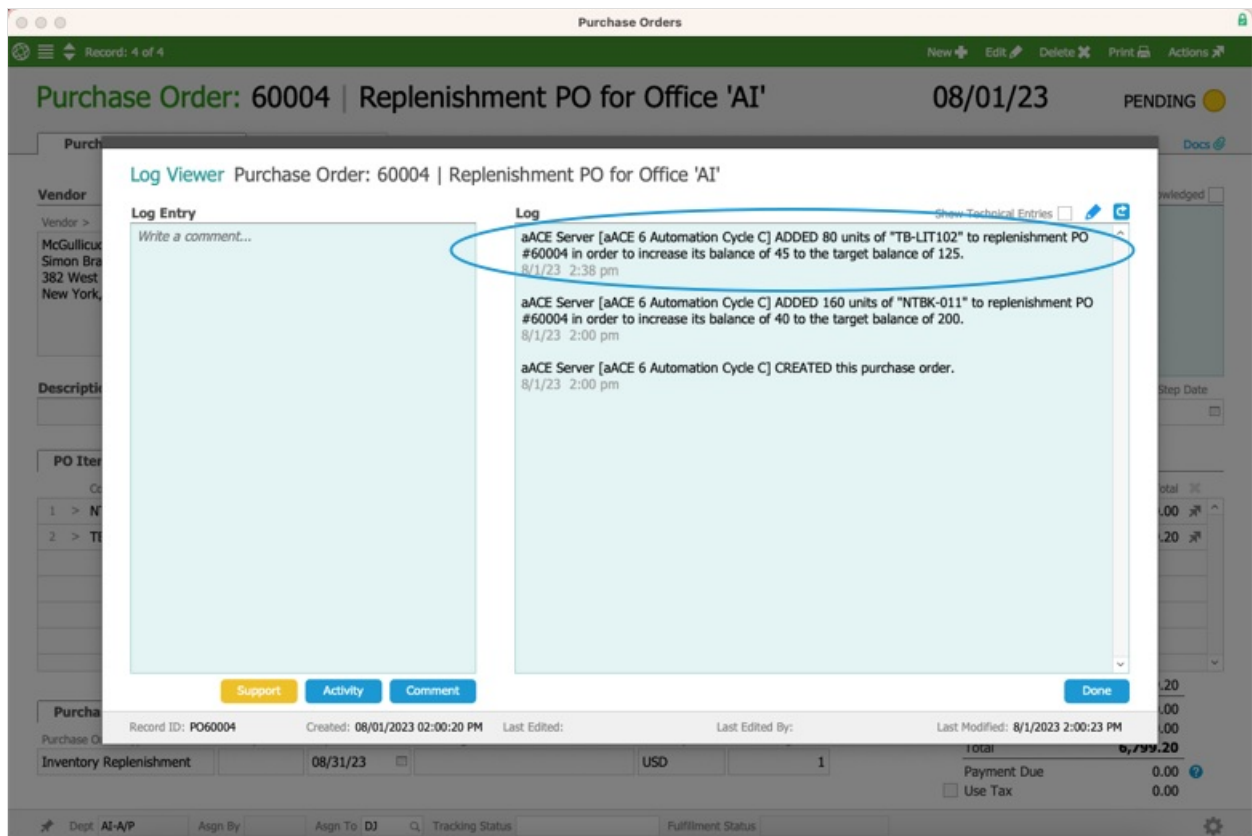
- For items with increased *demand*, aACE automatically increases their replenishment quantity.
- For items with increased *inventory*, aACE automatically reduces their replenishment

quantity. (This can occur when customers return product.)

As updates are processed, aACE tracks everything in the purchase order log. You can review every change at the PO detail view by clicking Actions > View Logs. The log shows which automation cycle created or updated the PO, plus the relevant quantities, products, and target balances.

Example of Automatic Updates


The following screenshot shows the log of an inventory replenishment PO in Pending status. The PO was initially created to replenish one item this vendor supplies. The Generate Inventory Replenishment process ran again as part of Automation Schedule C. The process found additional items that needed to be replenished and which this vendor supplies. So aACE automatically added new lines to the pending replenishment PO.



Tips

- Lead Times – When you specify a Replenish quantity, account for the time needed for new inventory to arrive.
- Case Quantities – If an inventory item is ordered by cases, the replenishment PO will ensure that the individual item count meets or exceeds the Target quantity. For example, suppose that student test booklets were ordered in packages of 50, the

item's Target value was 75, and the current balance of booklets was below the Replenish Balance of 20. One case would not bring the quantity to the Target value (i.e. $20 + 50 = 70$). So, aACE would order *two* cases to ensure the Target value was met.

- Vendors – When aACE auto-generates an Inventory Replenishment PO, it checks for the vendor to assign it to:
 1. aACE checks the LIC record for a preferred vendor.
 2. If there no preferred vendor is flagged, aACE uses the first vendor listed on the LIC record (i.e. alphabetical order).
 3. If there are *no* vendors specified for the LIC, aACE creates a new, unaddressed Inventory Replenishment PO.
 4. If there is already an unaddressed Inventory Replenishment PO in Pending status, the new items are added to that record.
 - Special Order Items – If an LIC is marked for [Special Order](https://aace6.knowledgeowl.com/help/working-with-special-orders) (<https://aace6.knowledgeowl.com/help/working-with-special-orders>), the replenishment fields become *inactive*. aACE does *not* manage inventory levels for special order items.
 - Removing Items from Replenishment – You can remove a specific LIC from the replenishment process by *clearing* the Target and Replenish fields (i.e. *deleting* all values from these fields). Warning: If you enter zeroes in these fields, aACE will still *include* them in the replenishment process.
 - Detailed Transactions – You can review line-by-line transactions related to a PO record by clicking Admin Actions () > Go to Related Inventory Transactions.
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