

TYPES OF INVENTORY ITEMS

The inventory item is the basic building block of the inventory system. One of the key fields on this set up is the **type of item**. The setting of this field determines whether the inventory will be updated or not. In addition to basic inventory items, you can also set up several types of special purpose items. This discussion will describe each type of item and give examples of how each is used.

The types of items are:

- ◆ Regular inventory
- ◆ Reference only
- ◆ Kits/Assembled when sold
- ◆ Raw materials
- ◆ Consigned goods
- ◆ Bill of Materials attached
- ◆ Color/Size List attached - Inventory
- ◆ Color/Size List attached - Reference
- ◆ Production Estimate only
- ◆ Trigger item

In addition to these types of items, you can also set up “Piggyback” items.

Deciding on how to set up your items can be confusing. If you have questions or have a complicated situation you’re not sure how to handle, be sure to call or e-mail us. We have had a lot of experience helping people set up various scenarios and we can help you work through the best set up for your situation.

Basic Descriptions of Types

This section will discuss in more detail the various types of items.

◆ **Regular inventory**

This is the most basic type of inventory. You order this item from a vendor or you produce it yourself and add it to your inventory. You then enter the item on a customer’s order and it is allocated. When you close the related invoice, the item is removed from allocation and the “on hand” quantity is updated.

Example: Pen, Shirt, Frisbee

One variation of this item is one in which you **preassemble** the item from other items in inventory. This is discussed further in the discussion of **kits** below.

◆ **Reference only**

The item is added to your item file but is used for look up purposes only. No quantity on hand is maintained and it does not contribute to the value of your inventory. Some information on demand (usage) is available. These items will also be included in the Sales by Item report.

Example: Art charge, Set up Charge

◆ **Assembled when Sold (Kits)**

This type of item is assembled by you at the time the merchandise ships from components in stock. The component pieces are also set up on the item file as individual items, then linked to the “master” item number through the “Set up Master/Component data” function. Although the master item will be allocated or backordered (depending on the availability of components), quantity on hand values will not be updated for the “master” item itself. Instead the quantity on hand for each component item will be updated as specified in the component definition. Demand will be recorded for both the “master” item and each component item. The component items can also be sold separately if this is appropriate. The components can also be “reference only” items.

Example: Golf pack of hat, tees and bottle. Hat, tees and bottle also sold separately.

◆ **Raw Materials**

This type of item is normally one piece of a master item that is not normally sold directly. When you do so, you are given a warning that you are selling a raw material. Otherwise the item is treated as a regular inventory item.

Example: Box, Hanger

◆ **Consigned Goods**

This type of item is for an item owned by one of your customers but kept in your warehouse. It is generally treated like a regular inventory item for purposes of allocation, backorders, etc. However, it is **NOT** included in your inventory value on the general ledger and no journal entries are made to the cost of inventory when the item is sold or adjusted. Also, shipments of consigned goods are **NOT** posted to sales history.

Example: Literature, custom-imprinted merchandise

◆ **Bill of Materials Attached**

This type of item is a special version of the kit item. Unlike the basic kit item, the pieces on the bill of materials are “attached” to the order in a second screen. The pieces are displayed on that screen and can be changed. You may also add additional items or delete existing ones.

It is most frequently used by suppliers but its use is not restricted to those types of systems.

The set up is the same as for a regular assembled item/kit except for the type of item assigned to the master item.

Example: Trophy, balloons with many colors available.

◆ **Color/Size List Attached - Inventory**

This type of item is similar to regular inventory in the way it is allocated, backordered, the “on hand” updated, etc.

The difference is how the items are presented during order entry. Instead of having to enter each color/size combination on a separate screen, a list of the colors and/or sizes associated with that item are displayed on a second screen that is “attached” to the main item. On the second screen you may enter quantities for all combinations that are being ordered. For example, an order of 144 T-shirts may have a list attached showing the breakdown into 44 large and 100 extra large shirts. Each color/size combination is independently allocated and updated so you may keep inventory levels on each combination.

Another feature associated with these items is the way they are displayed on documents. The breakdown by size is listed in a table similar to the one below. Many users like this way of presenting size breakdowns on forms.

S	M	L	XL
		44	100

In addition, you may associate a group of production charges or “imprint group” that is added to the list of actual items on the additional screen. These can be used to estimate and price production-related costs based on the number of imprints, stitches, art of similar charges.

Example: Shirts and other garments, balloons

◆ **Color/Size List Attached - Reference**

This type of item is similar to the “Color/Size List Attached - Inventory” but is treated as a “reference only” item and no updates are made to inventory. Demand is tracked.

This lets you use the powerful feature of the color/size format for special order merchandise.

◆ **Production Estimate Only**

This type of item is used to estimate production costs in production-oriented systems. It would normally be assigned to items that are included as part of a an imprint group. In general, it is treated as a “reference only” item.

Example: 1-color imprint, 2-color imprint, bagging

◆ **Trigger Item**

A trigger item is set up with a master/component relationship similar to the “assembled when shipped” type item. However, unlike the assembled items which are all shipped, backordered, etc. as a unit, the trigger item is actually **replaced** by the components as separate line items on the order. The trigger item number itself is basically a dummy item number that disappears from the order once it is initially entered. It is replaced by

the items set up as its pieces.

In addition to setting up the Trigger item itself, you must also go to the “Set up Master/Component data” function and define the relationship between the trigger item (the master item) and the pieces that will replace it (components).

Example: Displays containing multiple components that are shipped separately as available

◆ Piggyback items

The piggyback items are not really a separate type of item but are included in this discussion because they are similar to trigger items. You may associate up to three piggyback items with a regular item. When that item is entered on an order, any associated piggyback items are also added to the order **in addition** to the original item which also remains on the order (this is different from the trigger item).

The piggyback items are items in the own right. They can be “real” or “reference only”.

You cannot use piggyback items with Color/Size items or on Decoration orders.

You enter the items you want to “piggyback” an item on the same screen where you enter the basic item. When setting them up, you can preset the quantity to be either “1” (such as for a set up charge) or equal to the same quantity as the original item.

Once the piggyback line item is generated, it is treated just as any other item on the order. You can change the quantity or delete it from the order if appropriate. If you delete it, it will not be readded if the original item is changed.

Example: Set up charge for each calendar order, information sheet for an item

Sample set up

Piggyback items:

Item Number:	1: <input type="text" value="SETUP-E"/>  	<input type="text" value="SETUP CHARGE"/>
	<input checked="" type="radio"/> Quantity = 1 <input type="radio"/> Quantity = same as Master item	
	2: <input type="text"/>  	<input type="text"/>
	<input checked="" type="radio"/> Quantity = 1 <input type="radio"/> Quantity = same as Master item	
	3: <input type="text"/>  	<input type="text"/>
	<input checked="" type="radio"/> Quantity = 1 <input type="radio"/> Quantity = same as Master item	

Additional information on kit-related items

Several of the specialized types of item use the “kit” set up. Kits consist of a **master** item that is the actual unit to be sold/shipped. However, this item is made up of **components** that are also items on the item file. These pieces can be regular inventory items or reference only.

The set up process is the same for all the items. The difference comes in the type of item assigned to the master item on the item file.

The set up process is as follows:

- 1) Set up the master item on the item file
- 2) Set up the component pieces on the item file
- 3) Define the master/component relationship

The quantity of each component that is used for one master can be controlled. The following options are available:

- 1) **Quantity of component item same as quantity of master item ordered**
- 2) **Quantity of component item is larger than master.** For example, 5 of each component item used for each master item. You will be prompted for the multiplier in the master/component set up process.
- 3) **Quantity of component larger than master.** For example, 12 master items go in one box where the box is the component item. You will be prompted for the quantity. If the number of master items is not equal to the quantity specified, the quantity of the component will always be rounded up. For example, 12 master items / box. If you enter an order for 24 master items, 2 boxes will be removed from inventory. If you enter an order for 25 master items, 3 boxes will be removed from inventory.
- 4) **Quantity always a specific value.** For example, you always have one instruction sheet no matter how many master items are ordered. You will be prompted for the quantity. It does not have to be 1.

Here are the 4 different ways these types of items can be used:

Preassembled

- ◆ Type of item on the master item is set to **Regular Inventory**
- ◆ Using a special “assembly” function, the component pieces of the kit are combined into a new item. The new item is placed into inventory.
- ◆ The appropriate “on hand” quantity is **deducted** from the inventory of the components.
- ◆ Once assembled, the newly created items are treated as if it had been purchased that way.
- ◆ If you have some inventory left, you can enter a negative quantity to “disassemble” the item. This reduces the on hand for the assembled item and puts the quantity of each component back into inventory.

The function used to enter your assembly instructions is under

Inventory

Enter Inventory Receipts
Assemble raw materials to item

Assemble when shipped

- ◆ Type of item on the master item is set to **Assemble when sold (Kits)**
- ◆ The main kit item number is entered on the order as if it were a regular item.
- ◆ If all the pieces are available, the item is allocated. Otherwise it is backordered (if you use backorders)
- ◆ When the order is invoiced and the invoice is closed, the on hand quantities of the pieces are updated.

- ◆ You do not see the pieces listed on the order or invoice screens but they can be listed on pick tickets or work orders

Bill of materials

- ◆ Type of item on the master item is set to **Bill of Materials attached**
- ◆ The main kit item is entered on the order as if it were a regular item
- ◆ Click on the “Review Bill of Materials” link on the line item screen to go to a second screen where you can add, change, or delete components
- ◆ The master item and all component pieces that are from inventory are **ALWAYS** allocated.
- ◆ When the order is invoiced and the invoice is closed, the on hand quantity of any piece that is from inventory is updated.
- ◆ The components can be listed on pick tickets or work orders.

Trigger item

- ◆ Type of item on the master item is set to **Trigger item**
- ◆ The main kit item number is entered on the order as if it were a regular item. Enter a quantity but no pricing is needed.
- ◆ When you exit the entry screen, the trigger item will be **replaced** by the components.

Additional details regarding kits including screen shots are available in the on-line manual.