

Using Order Point Notification

STANDARD EDITION

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Order Point

Order Point is the inventory on hand amount at which a replenishment order should be issued. The order point amount is arrived at, by adding the expected demand through the lead-time to the safety stock.

Safety stock is the inventory quantity, for an item, that is to be held in reserve. Use of safety stock reduces the risk of running out of stock prior to replenishment. However, an excessive amount of safety stock adds to the overall cost of a product by having more stock in inventory than necessary. If there were no variables and the stock usage was constant, it would not be necessary to maintain a safety stock. The safety stock level should be as low as possible to help reduce the cost of a product.

Fixed Order Quantity is used to set the order level for ordering replenishment parts. The quantity you order should be large enough to keep from making repetitive orders (drives up cost), and depending on the safety stock for order delays. However, if the order level is too large, your costs are driven up based on the amount of stock you have in inventory.

Forecasting is used in attempting to determine demand during some future lead time. A common forecasting approach is Intrinsic Forecasting, which assumes that the best way to tell how an item will behave in the future is to look at its past behavior.

The steps in making an Intrinsic Forecast are:

1. Obtain a sufficient quantity of high quality, historical demand data.
2. Determine a forecast model (pattern of demand) that best fits the past demand data. A commonly used statistical technique for determining the model is regression analysis.
3. Project the model into the future.
4. Revise the forecast as new demand data becomes available.

TFG4000 Order Point Notification

TFG4000 Order Point Notification allows you to set reorder criteria, and notification controls for selected items. The data found in the **Order Point Item** screen determines the Order Point Notification. TFG4000 uses the data to indicate that inventory tracking for the identified item is requested and when the available inventory falls below a predetermined value, a requirement record is created and the individual responsible for ordering is notified by either Instant Messaging or by Email.

Notification also occurs when any inventory transaction (such as receive or adjust) causes the on-hand quantity to go above the order point. The system deletes the associated.

To use the instant notification function, AOL Instant Messenger™ must be installed. If you do not have IM installed, go online to <http://www.aim.com/> and follow the directions on the screen to download.

Order Point Notification Levels

TFG4000 has three levels of order point notification. Each item can be set to a notification level.

Item specific notification — type an Instant Message address, an Email address, or both on the **Item Schedule Data** screen. A message is sent to the specified address or addresses for each defined item.

General (default) notification — Enter an Instant Message address, an Email address, or both on the **System Variables** screen, and leave the **Order Point IM Address** and **Order Point Email** fields blank on the **Item Schedule Data** screen. A message is sent to the default addresses for any item with Order Point selected, and without an address defined on the **Item Schedule Data** screen.

No notification — Leave the Instant Message and Email address entries blank on both the **System**

Variables and **Item Schedule Data** screens. No messages are sent, regardless of the setting of the Order Point option on the **Item Schedule Data** screen.

Order Point Notification Screens

Order Point Notification consists of three screens that are used to maintain order point data. Each screen is used for specific purposes to aid in the maintenance of order point data.

Order Point Item Screen

Use this screen to enter items for which you want order point notification.

The following fields are for order point notification:

Order Point Quantity — Inventory on-hand quantity that initiates a new requirement request.

Fixed Order Quantity — the fixed order quantity requested when the order point has been reached.

Order Point IM Address — the Instant Message address where notification is sent when the order point criteria is met. A message is also generated when the inventory goes above the order point quantity and a requirement is still outstanding.

Order Point Email — the Email address where notification is sent when the order point criteria is met. An Email is also generated when the inventory goes above the order point quantity and a requirement is still outstanding.

Requirements Screen

Use this screen to view the requirements for a selected item/part. Requirements are generated by Order Point notification.

Pending requirements for an item are deleted if inventory is received, and the on-hand inventory goes above the quantity entered in the **Order Point Quantity** field on the **Order Point Item** screen.

The following displayed information is available for each requirement:

Date: the date the requirement

Type: the type of requirement (independent)

Quantity: the quantity of the part requested

Current On Hand: the quantity in inventory

Status: the status of the requirement (active, inactive)


Description: the description of the requirement

Requirement Summary Screen

Use this screen to display items/parts with pending requirements, displayed in Item order, up to the number entered in the Number of Rows to Display field.


Setting Order Point Notification for an Item

Use the following procedure to set order point notification for an item:

1. Click **Order Point Item** tab, which displays the **Order Point Item Data** screen.
2. Type the item identifier in the **Item/Part** field or use the Previous, Next, or the Item search.
3. Type the inventory on-hand quantity in the **Order Point Quantity** field. This value sets the criteria for order point notification.
4. Type the replenishment order quantity in the **Fixed Order Quantity** field.
5. Type the appropriate address in the **Order Point IM Address** field or the **Order Point Email** field. If you do not enter an address in either field, the system sends the notification to the default address entered on the **System Variables** screen.
6. When all entries are complete, click  (Save).


Resetting Order Point Notification for an Item

Use the following procedure to reset order point notification for an item:

1. Click **Order Point Item** tab, which displays the **Order Point Item** screen.
2. Type the item identifier in the **Item/Part** field and then click  (Open) which displays the data for the requested item. Using the Previous, Next, or the Item search will navigate to the Item.
3. Enter a new Order Point Quantity or delete the record, the system will reset the Order Point notification for the item.

Viewing Requirements for an Item

Use the following procedure to view the outstanding requirements for an item:

1. Click the **Order Point Requirements** tab.
2. Type the item identifier in the **Item/Part** field and then click  (Open) which displays the data for the requested item. Using the Previous, Next, or the Item search will navigate to the Item.


Viewing Requirements for all Items

Use the following procedure to view the outstanding requirements for all items:

1. Click **Order Point Summary** tab, which displays the **Order Point Summary** screen.
2. Click Open, which displays the requirements in Item/Part order. You can use the Selection Criteria fields to reduce the number of items displayed by selecting specific type, source, and status options, up to the value entered in the **Number of Rows to Display** field.

Setting Order Point Notification System Variables

Use the following procedure to maintain order point notification system variables for TFG4000.

1. Double-click **System Administration**, and then click **System Variables**, which displays the **System Variables** screen.
2. Change the information in the **Data** column as appropriate for the Order Point Email and Order Point IM variables.
3. When all of the changes have been made, click  (Save).